HEALTH SERVICES AND DEVELOPMENT AGENCY MEETING DECEMBER 13, 2017 APPLICATION SUMMARY

NAME OF PROJECT:

The Pavilion Senior Living - Rehabilitation and Long

Term Care at Lebanon

PROJECT NUMBER:

CN1708-026

ADDRESS:

1406 Medical Center Drive

Lebanon (Wilson County), Tennessee 37087

LEGAL OWNER:

Pavilion - THS, LLC

600 Tennessee Boulevard

Lebanon (Wilson County), Tennessee 37087

OPERATING ENTITY:

Stein & Associates

8520 South 36th Terrace

Fort Smith, (Sebastian County), AR 72908

CONTACT PERSON:

Hal Bone, Member

(615) 453-9912

DATE FILED:

August 15, 2017

PROJECT COST:

\$1,151,755

FINANCING:

Commercial Loan and Cash Reserves

REASON FOR FILING: The addition of 20 dually-certified skilled beds to the existing 60 bed nursing home for a total of 80 beds. The additional 20 nursing home beds are subject to the 125 bed Nursing Home Bed Pool for the July 2017 to June 2018 state fiscal

year period.

DESCRIPTION:

The Pavilion Senior Living - Rehabilitation and Long Term Care at Lebanon (The Pavilion) whose owner is Pavilion - THS, LLC, is seeking approval for the addition of 20 beds to its existing 60 bed nursing home. The project involves

approximately 8,340 square feet of new construction to house the additional beds. The target date for completion of the project is January 2019, subject to licensure approval by the Tennessee Department of Health.

SERVICE SPECIFIC CRITERIA AND STANDARD REVIEW:

NURSING HOME SERVICES

Need

According to TCA 68-11-108, the need for nursing home beds shall be determined by applying the following population-based statistical methodology:

County bed need = .0005 x pop. 65 and under, plus .0120 x pop. 65-74, plus .0600 x pop. 75-84, plus .1500 x pop. 85, plus

See step 2 below for the Nursing Home Bed Need calculation.

2. Planning horizon: The need for nursing home beds shall be projected two years into the future from the current year.

The Tennessee Department of Health (TDH) calculated nursing home bed need for Wilson County is 959 beds in 2019. There are four nursing homes in Wilson County containing 506 beds. The result is a net need of 453 beds.

Since the applicant is requesting 20 additional beds, it appears that this criterion has been met.

3. Establishment of Service Area: A majority of the population of the proposed Service Area for any nursing home should reside within 30 minutes travel time from that facility. Applicants may supplement their applications with sub-county level data that are available to the general public to better inform the HSDA of granular details and trends; however, the need formula established by these Standards will use the latest available final JAR data from the Department of Health. The HSDA additionally may consider geographic, cultural,

social, and other aspects that may impact the establishment of a Service Area.

The project's service area will be Wilson County. The majority of the service area population is within 30 minutes travel time of the proposed facility. Review of the applicant's 2016 Joint Annual Report maintained by TDH revealed that residents of Wilson County accounted for 240 of 292 total patients or approximately 82.2% of the residents served by the facility in CY2016.

It appears that this criterion has been met.

4. Existing Nursing Home Capacity: In general, the Occupancy Rate for each nursing home currently and actively providing services within the applicant's proposed Service Area should be at or above 90% to support the need for any project seeking to add new nursing home beds within the Service Area and to ensure that the financial viability of existing facilities is not negatively impacted.

There are currently four nursing homes in Wilson County representing 506 beds. According to the 2016 Joint Annual Report, out of the four Wilson County nursing homes, only the applicant, Pavilion, achieved occupancy rates above 90% in 2016.

It appears that this criterion <u>has not been met.</u>

When considering replacement facility or renovation applications that do not alter the bed component within the Service Area, the HSDA should consider as the primary factor whether a replacement facility's own occupancy rate could support its economic feasibility, instead of the occupancy rates of other facilities in the Service Area.

It appears that this criterion is not applicable.

5. Outstanding Certificates of Need: Outstanding CONs should be factored into the decision whether to grant an additional CON in a given Service Area or county until an outstanding CON's beds are licensed.

There are no outstanding nursing home CON projects in Wilson County.

It appears that this criterion is not applicable.

6. Data: The Department of Health data on the current supply and utilization of licensed and CON-approved nursing home beds should be the data source employed hereunder, unless otherwise noted.

The analysis above is based on data provided in the Department of Health's Joint Annual Report (JAR) and the Department of Health's Facility Licensure website.

It appears that this criterion has been met.

7. Minimum Number of Beds: A newly established free-standing nursing home should have a sufficient number of beds to provide revenues to make the project economically feasible and thus is encouraged to have a capacity of least 30 beds. However, the HSDA should consider exceptions to this standard if a proposed applicant can demonstrate that economic feasibility can be achieved with a smaller facility in a particular situation.

The applicant facility is an existing 60 bed licensed nursing home requesting 20 additional licensed bed from the 125 Bed Nursing Home Bed Pool from the 2017-2018 state fiscal year period.

It appears that this criterion is not applicable.

- 8. Encouraging Facility Modernization: The HSDA may give preference to an application that:
 - a. Proposes a replacement facility to modernize an existing facility.
 - b. Seeks a certificate of need for a replacement facility on or near its existing facility operating location. The HSDA should evaluate whether the replacement facility is being located as closely as possible to the location of the existing facility and, if not, whether the need for a new, modernized facility is being impacted by any shift in the applicant's market due to its new location within the Service Area.
 - c. Does not increase its number of operating beds.

In particular, the HSDA should give preference to replacement facility applications that are consistent with the standards described in TCA §68-11-1627, such as facilities that seek to

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replace physical plants that have building and/or life safety problems, and/or facilities that seek to improve the patientcentered nature of their facility by adding home-like features such as private rooms and/or home-like amenities.

The proposed project only involves the addition of 20 licensed beds and will not replace the existing facility.

It appears that this criterion is not applicable.

9. Adequate Staffing: An applicant should document a plan demonstrating the intent and ability to recruit, hire, train, assess competencies of, supervise, and retain the appropriate numbers of qualified personnel to provide the services described in the application and that such personnel are available in the proposed Service Area. However, when considering applications for replacement facilities or renovations of existing facilities, the HSDA may determine the existing facility's staff would continue without significant change and thus would be sufficient to meet this Standard without a demonstration of efforts to recruit new staff.

If approved, the applicant expects to hire an additional 10 FTE direct patient care positions to staff the additional 20 beds.

It appears that this criterion has been met.

10. Community Linkage Plan: The applicant should describe its participation, if any, in a community linkage plan, including its relationships with appropriate health care system providers/services and working agreements with other related community services to assure continuity of care. If they are provided, letters from providers (including, e.g., hospitals, hospice services agencies, physicians) in support of an application should detail specific instances of unmet need for nursing home services.

Affiliates of the applicant have recently opened an assisted living facility and plan to open an independent living facility in 2018 so that residents can age in place. The nursing home is adjacent to Tennova Healthcare-Lebanon, the only hospital in Wilson County. The

applicant works with Tennova case managers 7 days a week as residents are discharged to the applicant's care.

It appears that this criterion has been met.

11. Access: The applicant should demonstrate an ability and willingness to serve equally all of the Service Area in which it seeks certification. In addition to the factors set forth in HSDA Rule 0720-11-.01(1) (listing the factors concerning need on which an application may be evaluated), the HSDA may choose to give special consideration to an applicant that is able to show that there is limited access in the proposed Service Area. However, an applicant should address why Service Area residents cannot be served in a less restrictive and less costly environment and whether the applicant provides or will provide other services to residents that will enable them to remain in their homes.

All beds at the applicant facility are dually certified for Medicare and Medicaid. The applicant will be able to provide a continuum of care as affiliates of the applicant opened an assisted living facility nearby and will open an independent living facility in 2018. The applicant continuously turns away potential residents due to unavailability of beds so that the additional beds will increase access to nursing home care.

It appears that this criterion <u>has been met.</u>

12. Quality Control and Monitoring: The applicant should identify and the average occupancy document its existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring systems, including in particular details on its Quality Assurance and Performance Improvement program as required by the Affordable Care Act. As an alternative to the provision of third party accreditation information, applicants may provide information on any other state, federal, or national quality improvement initiatives. An applicant that owns or administers other nursing homes should provide detailed information on their surveys and their quality control programs at those facilities, regardless of whether they are located in Tennessee.

The applicant reports extensive quality measures as part of its involvement in the Medicare program. The applicant has an ongoing

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quality improvement program to monitor and improve patient outcomes. The outcomes are regularly reported as part of public reporting requirements. The facility is 4 Star facility as rated by Medicare's Nursing Home Compare and maintains the following ratings: staffing (3 Star), quality measures (3 Star), and health inspections (4 Star).

It appears that this criterion has been met.

13. Data Requirements: Applicants should agree to provide the TDH and/or the HSDA with all reasonably requested information and statistical data related to the operation and provision of services at the applicant's facility and to report that data in the time and format requested. As a standard of practice, existing data reporting streams will be relied upon and adapted over time to collect all needed information.

The applicant will provide TDH and HSDA all reasonably requested data related to the operation of the nursing home.

It appears that this criterion has been met.

14. Additional Occupancy Rate Standards:

a. An applicant that is seeking to add or change bed component within a Service Area should show how it projects to maintain an average occupancy rate for all licensed beds of at least 90 percent after two years of operation.

The applicant expects to attain an average occupancy rate of 95% after two years of operation.

It appears that this criterion has been met.

b. There should be no additional nursing home beds approved for a Service Area unless each existing facility with 50 beds or more has achieved an average annual occupancy rate of 90 percent. In determining the Service Area's occupancy rate, the HSDA may choose not to consider the occupancy rate of any nursing home in the proposed Service Area that has been identified by the TDH Regional Administrator as consistently noncomplying with quality assurance regulations, based on factors such as deficiency numbers outside of an

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average range or standards of the Medicare 5 Star program.

All of Wilson County nursing homes are licensed at 50 beds or above. Three of the four nursing homes did not attain 90% occupancy in 2016.

The following chart reflects standards of the Medicare 5 Star program for the four existing nursing homes in Wilson County.

Medicare 5 Star Rating System Wilson County Nursing Homes

Nursing Home	Overall	Health Inspections	Staffing	Quality Measures
Lebanon	****	***	***	****
Health				
Mt. Juliet	***	***	**	****
Health				
Quality Center	****	****	***	***
The Pavilion	****	***	***	***

Source: CN1702-006, Supplemental #1.

Based on Medicare's 5 Star Program that scores health inspections, staffing, and quality measures, there is 1 nursing home in Wilson County with an overall score of 5 out of 5, 2 nursing homes with 4 out of 5, and one nursing home with a score of 3 out of 5.

It appears that this criterion has not been met.

Note to Agency members; The Nursing Home Compare Web site features a quality rating system that gives each nursing home a rating of between 1 and 5 stars. Nursing homes with 5 stars are considered to have much above average quality and nursing homes with 1 star are considered to have quality much below average. There is one Overall 5-star rating for each nursing home, and a separate rating for each of the following three sources of information:

• Health Inspections - The health inspection rating contains information from the last 3 years of onsite inspections, including both standard surveys and any complaint surveys. This information is gathered by trained, objective inspectors who go onsite to the nursing home and

follow a specific process to determine the extent to which a nursing home has met Medicaid and Medicare's minimum quality requirements. The most recent survey findings are weighted more than the prior two years. More than 180,000 onsite reviews are used in the health inspection scoring nationally.

- Staffing The staffing rating has information about the number of hours of care provided on average to each resident each day by nursing staff. This rating considers differences in the levels of residents' care need in each nursing home. For example, a nursing home with residents who had more severe needs would be expected to have more nursing staff than a nursing home where the resident needs were not as high.
- Quality Measures (QMs) The quality measure rating has information on 11 different physical and clinical measures for nursing home residents. The rating now includes information about nursing homes' use of antipsychotic medications in both long-stay and short-stay residents. This information is collected by the nursing home for all residents. The QMs offer information about how well nursing homes are caring for their residents' physical and clinical needs. More than 12 million assessments of the conditions of nursing home residents are used in the Five-Star rating system. Source: www.cms.gov
- c. A nursing home seeking approval to expand its bed capacity should have maintained an occupancy rate of 90 percent for the previous year.

The applicant attained an occupancy rate of 93.4% in the previous reporting JAR year 2016.

It appears that this criterion <u>has been met.</u>

STAFF SUMMARY

Note to Agency members: This staff summary is a synopsis of the original application and supplemental responses submitted by the applicant. Any HSDA Staff comments will be presented as a "Note to Agency members" in bold italics.

Application Synopsis

The applicant proposes to add 20 dually (Medicare/Medicaid) certified beds to its existing 60 bed nursing home located at 1406 Medical Center Drive in Lebanon (Wilson County), TN. This facility has been operating above 90% occupancy for each of the three previous years. This project involves approximately 8,340 square feet (SF) of new construction to enlarge the existing nursing home for the 20 new beds. Although not a part of the project for Certificate of Need purposes, an affiliate of the applicant received a license on September 1, 2017 to open a 74 bed assisted living facility across a private drive from the applicant facility. Additionally another affiliate of the applicant expects to open a 58 unit independent living facility on land adjacent to the assisted living facility in Summer 2018. The applicant states that this continuum of services will allow residents to age in place and that this type of continuum of services will be the first of its kind in Wilson County.

125 bed Nursing Home Bed Pool

- The applicant is requesting 20 new beds which will come from the Nursing Home 125 bed pool for the July 2017 to June 2018 state fiscal year period.
- There are currently 125 nursing home beds available in the July 2017 to June 2018 bed pool.
- A copy of the 125 bed pool bed stats is located at the end of this summary.

Facility Information

- The 20 additional beds will be housed in a new 8,340 square foot (SF) wing that will be added to the existing 29,888 SF building.
- The addition will be a single story, wood framed building with systems and finishes to match the existing facility.
- In addition to the 20 beds the new wing will contain a nursing area, assisted bathing area, and resident common living spaces.

- Adding an additional wing was anticipated when the nursing home was built in 2009 so that the current kitchen is more than adequate to handle the additional 20 beds.
- The new wing will consist of 7 double occupancy rooms and 6 single occupancy rooms. The chart below identifies the facility's current and proposed bed mix:

The Pavilion-Bed Mix

Bed Mix	Private	%Total	Semi-	% Total	Ward	%
	Beds		Private		Beds	Total
			Beds			
Current	8	13.3%	52	86.7%	0	0%
Proposed	14	17.5%	66	82.5%	0	0%

- The applicant was asked in a supplemental question why all 20 beds being requested were not proposed as private beds. The applicant's response included:
 - The existing land for the proposed addition is not large enough to accommodate 20 private rooms.
 - All private rooms would not be economically feasible
 - The applicant believes a balance has been struck by adding 6 private rooms to the facility's current 8 private rooms.

Ownership

- Pavilion-THS, LLC is the 100% owner and operator of The Pavilion.
- Pavilion-THS, LLC is owned 100% by Total Healthcare Systems, LLC
- The owners of Total Healthcare Systems, LLC are Gordon Bone (52%), Hal Bone (24%), and Suanne Bone (24%).

Management

- The nursing home is managed by Stein & Associates, LLC
- Stein & Associates has over 17 years of experience managing nursing homes in West Virginia, Tennessee, Arkansas, and Texas. Stein and Associates currently manages 9 nursing homes.

Project History

- 2007-Mitchell Manor files a CON application (CN0702-018) in February requesting a relocation and replacement of a 42 bed nursing home with a 60 bed nursing home. CON is approved at Agency's May meeting.
- 2009-Shortly after the new nursing home opens, the nursing home is acquired by Community Progress Committee (CPC). CPC subsequently

- sells the nursing home to the current applicant's owner, Total Healthcare Systems, LLC.
- 2012-The Pavilion files a CON application (CN1204-016) in April to build a 24 bed addition to the 60 bed nursing home. Agency unanimously denies the request at September meeting. The reasons provided for denying the application included: Need-No need has been justified in the area due to available bed capacity in the other facilities; Economic Feasibility-The project is not financially feasible due to the need not being justified; Contribution to the Orderly Development of Healthcare-The project does not contribute to the orderly development of adequate and effective health due to the negative impact it would have on the others that are providing these services that are readily available and accessible to the patients in that area.

NEED

Project Need

The applicant provided the following justification for the project:

- Rapid population growth including an increase in the elderly population.
- The development of the assisted living and independent living facilities will increase the demand for nursing home beds.
- The applicant has consistently operated at high occupancies resulting in the denial of admissions to potential residents.

Note to Agency members: Additionally the Tennessee Department of Health calculates that there will be a net nursing home bed need of 453 beds in 2019.

Service Area Demographics

The applicant's declared service area is Wilson County. An overview of the service area is provided as follows:

- The total population of the service area is estimated at 131,486 residents in calendar year (CY) 2017 increasing by approximately 3.6% to 136,217 residents in CY 2019.
- The overall statewide population is projected to grow by 2.2% from 2017 to 2019.
- The 65 and older population is expected to comprise approximately 17.1% of the total county population in CY2019 compared to 17.3% statewide.
- The 65 and older population of Wilson County will increase by approximately 10.7% from CY2017 to CY2019 compared to the statewide increase of 7.7% during the same period.

• The proportion of TennCare enrollees of the total county population is 14.7%, compared with the state-wide average of 21.0%.

Service Area Historical Utilization

The inventory and utilization of nursing homes in Wilson County is summarized in the tables below.

Service Area Patient Accommodation Mix-2016 JAR

Nursing Home	Licensed Beds	Total Private Beds	% Total	Total Semi- Private Beds	% Total	Ward Beds	% Total
Lebanon Health & Rehab.	60	8	13.3%	52	86.7%	0	0
Mt. Juliet Health Care	106	1	0.9%	105	99.1%	0	0
Quality Center	280	18	6.4%	262	93.6%	0	0
The Pavilion	60	8	13.3%	52	86.7%	0	0
TOTAL	506	35	6.9%	471	93.1%	0	0

• Based on data from the JAR, 6.9% of the nursing home beds in Wilson County are private beds.

• Private bed percentages by facility range from 0.9% at Mt. Juliet Health Care to 13.3% at both The Pavilion and Lebanon Health and Rehab.

Wilson County Nursing Home Utilization-2016

Name	Lic. Beds (2017)	Beds- MCARE only- certified	Beds- Dually Certified	Beds Level 1 certified MCAID	Licensed Only Beds Non- Certified	SNF MCARE ADC	Level 2 MCAID ADC	Skilled All other Payors ADC	Non- skilled ADC	Total ADC
Lebanon Health & Rehab.	60	0	60	0	0	19.4	0.3	3.0	6.0	28.7
Mt. Juliet Health Care	106	0	106	0	0	11.0	0.0	0.0	55.8	66.8
Quality Center	280	0	280	0	0	32.1	10.3	3.0	183.3	228.7
The Pavilion	60	0	60	0	0	16.2	0	0	39.8	56.0
TOTAL	506	0	506	0	0	78.7	10.6	6.0	284.9	380.2

Source: Nursing Home JAR, 2016 (legend: Medicare=MCARE; TennCare/Medicaid=MCAID)

The utilization table reflects the following:

- All of the 506 licensed beds in Wilson County are dually certified beds.
- Average daily census (ADC) was 380.2 or 75% of all licensed beds in CY2016.
- Non-skilled patients accounted for the highest utilization at 75% of total ADC in CY2015.
- Medicare Skilled ADC was 78.7 patients per day or 20.7% of total ADC,

- Medicaid Skilled ADC was 10.6 patients per day or 2.8% of total ADC.
- Other Payor Skilled ADC was 6.0 patients per day or 1.6% of total ADC.

Wilson County Nursing Home Utilization

Nursing Home	2017	2014	2015	2016	′13- ′15	2014 %	2015	2016
	Lic.'d	Patient	Patient	Patient	%	Occ.	%	%
	Beds	Days	Days	Days	Change		Occ.	Occ.
Lebanon Health & Rehab.	60	11,682	12,426	10,384	-11.1%	53.3%	56.7%	47.4%
Mt. Juliet Health Care	106	27,901	26,162	24,348	-12.7%	72.1%	67.6%	62.9%
Quality Center	280	85,290	89,253	83,471	-2.1%	83.5%	87.3%	81.7%
The Pavilion	60	21,309	20,946	20,456	-4.0%	97.3%	95.6%	93.4%
TOTAL	506	146,182	148,182	138,659	-5.1%	79.1%	80.6%	75.1%

Source: Nursing Home JAR, 2014-2016; Health Facility Licensure website

Overall utilization of the 4 nursing homes in Wilson County decreased by approximately 5.1% from 2014-2016.

- Wilson County nursing home utilization in all 4 of the nursing homes declined from 2014 to 2016 ranging from -2.1% to -12.7%.
- 2016 bed occupancy ranged from 47.4% at Lebanon Health and Rehab (60 beds) to 93.4% at The Pavilion (60 beds).

Applicant Historical and Projected Utilization

The following table indicates the applicant's historical and projected utilization.

Applicant's Historical and Projected Utilization

			- 4 4								
Nursing Home	2014	2015	2016	2014	2014	2015		Year 1	Year 2	Yr. 1	Yr. 2
	Patient	Patient	Patient	%	%	%		2019	2020	2019	2020
	Days	Days	Days	Occ.	Occ.	Occ.		Patient	Patient	Occ.	Occ.
	(60 beds)	(60 beds)	(60					Days	Days		
			beds)					(80	(80 beds)		
								beds)			
The Pavilion	21,309	20,946	20,456	97.3%	95.6%	93.4%		26,747	27,787	91.6%	94.9%
-							_				

Source: CN1708-026

- Patient occupancy ranged from 93.4% in 2016 to 97.3% in 2014 on 60 licensed beds.
- The facility occupancy is projected at 91.6% in Year One and 94.9% in Year Two on 80 licensed beds.

The table below shows the projected utilization of the project.

The Pavilion

Projected Utilization Year 1 and 2

Year	Licensed Beds	Medicare- certified beds	SNF Medicare ADC	Level 2 Medicaid ADC	SNF Other Payors ADC	Non- Skilled ADC	Total ADC	Licensed Occupancy
Proposed	20 bed Additi	ion	Maria Dent	1557	STEAL STEAL	SCOTO	The same	
1 (2019)	20	20	4.6	0	3.1	7.7	15.4	76.8%
2 (2020)	20	20	4.5	0	3.6	9.9	18.0	90.0%
80 Bed Fa	cility (60 exis	ting beds + pro	posed 20 bed a	ddition)				
1 (2019)	80	80	22.0	0	7.3	44.0	73.3	91.6%
2 (2020)	80	80	22.8	0	7.6	45.5	75.9	94.9%

Source: CN1708-026

- The table above reflects that the occupancy of the facility will increase from 91.6% in Year One to 94.9% in Year Two following project completion as the additional 20 beds go into service.
- By 2019 skilled ADC is projected to equal 40% of total ADC
- The average daily census (ADC) for the proposed 20 bed addition is projected to reach 15.4 reflecting a licensed occupancy of 76.8% in Year 1 increasing to 18.0 reflecting a licensed occupancy of 90% in Year 2.

ECONOMIC FEASIBILITY

Project Cost

The major costs associated with the addition of the 20 nursing home beds are:

- Construction \$926,729 or 80.5%% of total cost.
- Other Costs-There is no other individual cost greater than \$50,000.
- Construction cost of \$111.11 per square foot is below the new construction 1st quartile cost of \$174.53 per square foot for statewide nursing home construction projects from 2014 to 2016.
- For other details on the total estimated cost of this project, please see the Square Footage Chart and the Project Cost Chart on pages 13 and 29, respectively, of the original application.

A letter dated June 7, 2017 was provided by a representative of Horizon Construction and Development. The letter indicates that the expansion to the nursing home will be constructed at a cost of \$976,729, which includes a \$50,000 contingency amount. The representative states that the project will comply with all life safety codes.

Financing

An August 25, 2017 letter from Joe Comer, Registered Principal, Pinnacle Asset Management, verifies that Mr. Harold Bone has margin availability of \$1.5 million in a brokerage account.

An August 31, 2017 letter from Benita Woodard, Director of Finance and Administration, Pavilion-THS, LLC indicates that Pavilion-THS, LLC plans to use \$200,000 of cash currently on hand towards the construction of the proposed project.

Review of the Pavilion-THS, LLC's audited financial statement for the period ending December 31, 2016 indicates \$650,347 in cash, total current assets of \$1,303,140, total current liabilities of \$467,366 and a current ratio of 2.79 to 1.0.

Note to Agency Members: current ratio is a measure of liquidity and is the ratio of current assets to current liabilities which measures the ability of an entity to cover its current liabilities with its existing current assets. A ratio of 1:1 would be required to have the minimum amount of assets needed to cover current liabilities.

Historical Data Chart

The application is for 20 additional licensed nursing home beds from the 125 Bed Pool. The Historical Data Chart reflects the following:

• According to the Historical Data Chart The Pavilion experienced a Net Balance (Net Income – (Annual Principal Debt Repayment + Annual Capital Expenditure)) for the three most recent years reported: \$487,981 for 2014; \$551,392 for 2015; and \$824,355 for 2016.

Projected Data Chart

Total Facility

The applicant projects \$8,076,242 in total gross revenue on 26,737 patient days in Year 1 increasing by 7.3% to \$8,667,618 on 27,697 patient days in Year 2 (approximately \$313 per day). The revised Projected Data Charts reflect the following:

- Net Balance is estimated at \$571,308 in Year One increasing to \$660,182 in Year Two.
- Deductions from operating revenue for contractual deductions and bad debt are estimated at \$786,904 or approximately 9.1% of total gross revenue in Year Two.

• There are no charity care designations in Year One and Year Two of the proposed project.

Project only (20 additional beds)

The applicant projects \$1,864,495 in total gross revenue on 5,610 patient days in Year 1 increasing by 31.7% to \$2,455,871 on 6,570 patient days in Year 2 (approximately \$373.80 per day). The revised Projected Data Charts reflect the following:

• Net Balance is estimated at \$238,662 in Year One increasing to \$327,536 in Year Two.

Charges

In Year 1 of the proposed project (2019), the 20 licensed bed average gross daily patient charge and average net charge after deductions for contractual adjustments, charity and bad debt is shown in the table below.

Average Daily Charge	Total 30 beds
Average Gross Charge	\$373.80
Average Net Charge	\$342.31

Source: CN1702-006

Medicare/TennCare Payor Mix

• TennCare-The applicant is a dually certified facility and participates in TennCare. The payor mix in Year 1 for skilled nursing care is shown in the table below.

Applicant's Payor Mix, Year 1, 20 Beds

Payor Source	Net	as a % of
	Operating	Total
	Revenue	
Medicare	\$372,899	20%
TennCare/Medicaid	\$932,248	50%
Commercial/Managed	\$205,094	11%
Care		
Self-Pay	\$354,245	19%
Charity Care	0	0
Other	0	0
Total	\$1,864,495	100%

Source: CN1708-026

PROVIDE HEALTHCARE THAT MEETS APPROPRIATE QUALITY STANDARDS

Licensure

- The Pavilion has an active license from the Tennessee Department of Health that will expire on March 24, 2018.
- The most recent recertification survey was conducted on August 15-18, 2016.
- The applicant was notified by the East Tennessee Regional Office, Division of Health Care Facilities, Tennessee Department of Health on August 23, 2016 that the facility was found to be in full compliance with all Medicare Conditions of Participation.

Certification

• The applicant is certified by the Centers for Medicare and Medicaid Services (CMS).

Accreditation

The Pavilion is not accredited.

Other Quality Standards

- In the first supplemental response the applicant commits to obtaining and/or maintaining the following:
 - Staffing levels
 - o Licenses in good standing
 - TennCare/Medicare certifications
 - Three years substantial compliance with federal and state regulations. One minor life safety code deficiency was found, which was immediately fixed and facility then found to be in compliance
 - o Has not been decertified in last three years
 - o Self-assessment and external peer assessment processes
 - Data reporting, quality improvement, and outcome/process monitoring systems

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTHCARE

Agreements

• The applicant has agreements for health services with Tennova Healthcare-Lebanon and TriStar Summit Medical Center along with a

number of other health care entities.

 The full list of health care entities can be found on pages 42-43 of the original application.

Impact on Existing Providers

• The applicant notes that with the projected large nursing home bed need in Wilson County the addition of 20 beds should not affect the other facilities in Wilson County.

Staffing

The applicant's direct care staffing will increase from approximately 41.5 full time equivalents (FTE) for the current 60 bed facility to 51.5 FTEs for the 80 bed facility. A breakout of the clinical staffing in Year 1 includes the following:

- 2.0 FTE Registered Nurses
- 15.0 FTE LPN's
- 30.0 FTE Certified Nursing Assistants
- 2.0 FTE Nurse Managers and
- 1.5 FTE MDS Coordinators
- 1.0 Director of Nurse Services

Corporate documentation and site control documents are on file at the Agency office and will be available at the Agency meeting.

Should the Agency vote to approve this project, the CON would expire in **two** years.

CERTIFICATE OF NEED INFORMATION FOR THE APPLICANT

There are no other Letters of Intent, denied or pending applications, or outstanding Certificates of Need for this applicant.

CERTIFICATE OF NEED INFORMATION FOR OTHER SERVICE AREA FACILITIES:

There are no Letters of Intent, denied or pending applications, or Outstanding Certificates of Need for other health care organizations in the service area proposing this type of service.

PLEASE REFER TO THE REPORT BY THE DEPARTMENT OF HEALTH, DIVISION OF HEALTH STATISTICS, FOR A DETAILED ANALYSIS OF THE STATUTORY CRITERIA OF NEED, ECONOMIC FEASIBILITY, HEALTH CARE THAT MEETS APPROPRIATE QUALITY STANDARDS, AND CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE IN THE AREA FOR THIS PROJECT. THAT REPORT IS ATTACHED TO THIS SUMMARY IMMEDIATELY FOLLOWING THE COLOR DIVIDER PAGE.

MAF 11/30/2017

NURSING HOME BED POOL STATS

July 1, 2017 through June 30, 2018 125 BED POOL

Nursing Home Beds APPROVED	0	NH Beds
Nursing Home Beds DENIED		NH Beds
Total Beds AVAILABLE from Bed Pool	125	Beds Available
Nursing Home Beds PENDING	39	NH Beds

COUNTY	PROJECT: NUMBER	FACILITY	PROJECT DISPOSITION	MEETING DATE	DESCRIPTION
Clay	CN1708-024	Celina Health and Rehabilitation Center	Pending	12/13/2017	The addition of 12 dually certified nursing home beds to an existing 66 bed facility.
Wilson	CN1708-026	Pavilion – THS, LLC	Pending	12/13/2017	The addition of 20 Medicare skilled nursing home beds to an existing 60 bed facility.
Washington	CN1711-033	NHC Healthcare – Johnson City	Pending	2/28/2018	The addition of 7 Medicare certified skilled nursing facility beds.

NURSING HOME BED POOL STATS Updated 12/4/2017 Page 1 of 1

LETTER OF INTENT



State of Tennessee Health Services and Development Agency

Andrew Jackson Building, 9th Floor 502 Deaderick Street Nashville, TN 37243

www.tn.gov/hsda

Phone: 615-741-2364

l czgran Londay rodany rodany

Fax: 615-741-9884

LETTER OF INTENT

The Publication of Intent is to be published in the	(Name of Newspaper)	which is a newspaper
of general circulation in Wilson (County)	Tennessee, on or before	August 10 , 20 17
for one day.		(Monuti day) (Teal)
This is to provide official notice to the Health Service accordance with T.C.A. § 68-11-1601 et seq., and that:	ces and Development Agenc the Rules of the Health Service	y and all interested parties, in ses and Development Agency,
Pavilion-THS, LLC		nursing home
(Name of Applicant)	(Facility Ty	/pe-Existing)
owned by: Total Healthcare Systems, LLC	with an ownership type of_	limited liability company
and to be managed by: Stein & Associates, LLC	intends to file an application	on for a Certificate of Need
for [PROJECT DESCRIPTION BEGINS HERE]:		
The addition of twenty (20) Medicare skilled nursing home The Pavilion Senior Living - Rehabilitation and Long Term 37087, for an eighty (80) bed nursing home upon comple The Applicant will provide Medicare skilled nursing facility	n Care, located at 1406 Medical tion of the project. The estimate	Center Drive, Lebanon, TN ed project cost is \$1,136,755.
The anticipated date of filing the application is:	August 15 <u>20</u> 17	
The contact person for this project is	Hal Bone (Contact Name)	_ Member (Title)
who may be reached at: Hal Bone Enterprises, (Company Name)	LLC 680 (Address	Tennessee Blvd.
Lebanon TN (State)		(615) 453-9912 (Area Code / Phone Number)
Jall Lrouf	_08/08/2017	halbone9912@gmail.com
(Signature)	(Date)	(E-mail Address)
The Letter of Intent must be <u>filed in triplicate</u> and <u>rece</u> last day for filing is a Saturday, Sunday or State Holi this form at the following address:	ived between the first and the day, filing must occur on the	e tenth day of the month. If the preceding business day. File

Health Services and Development Agency Andrew Jackson Building, 9th Floor 502 Deaderick Street Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

HF51 (Revised 01/09/2013 - all forms prior to this date are obsolete)

Application

The Pavillion Senior Living-Rehabilitation and Long Term Care at Lebanon

CN1708-026



State of Tennessee 25 Health Services and Development Agency

Andrew Jackson Building, 9th Floor, 502 Dealerick Street, Nashville, TN 37243 www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

CERTIFICATE OF NEED APPLICATION

SECTION A: APPLICANT PROFILE

1.	Name of Facility, Agency, or Institu	ution	1		
	The Pavilion Senior Living - Rehabilit	ation and Long	Term Care at Leb	anon	
	1406 Medical Center Drive Street or Route			Wilson County	
	<u>Lebanon</u> City		 State		
Note: consis	The faculty's name and address <u>m</u> stent with the Publication of Intent.	nust be the na	nme and address	of the project and must be	9
2.	Contact Person Available for Respo	onses to Quest	tions		
	Hal Bone Name		<u>Mem</u> Titl		
	Hal Bone Enterprises, LLC Company Name	halbone9	912@gmail.com E-ma	 ail address	
	680 Tennessee Blvd. Street or Route	<u>Lebanon</u> City		<u>37087</u> Zip Code	
~	Member Association with Owner		615-453-9912 Phone Number	615-453-0779 Fax Number	

NOTE:

Section A is intended to give the applicant an opportunity to describe the project. **Section B** addresses how the project relates to the criteria for a Certificate of Need by addressing: Need, Economic Feasibility, Contribution to the Orderly Development of Health Care, and Quality Measures.

Please answer all questions on 8½" X 11" white paper, clearly typed and spaced, single or double-sided, in order and sequentially numbered. In answering, please type the question and the response. All questions must be answered. If an item does not apply, please indicate "N/A" (not applicable). Attach appropriate documentation as an Appendix at the end of the application and reference the applicable Item Number on the attachment, i.e., Attachment A.1, A.2, etc. The last page of the application should be a completed signed and notarized affidavit.

A. Overview

Please provide an overview not to exceed three pages in total explaining each numbered point.

1) Description – Address the establishment of a health care institution, initiation of health services, bed complement changes, and/or how this project relates to any other outstanding but unimplemented certificates of need held by the applicant;

RESPONSE: The Applicant, Pavilion-THS, LLC, currently owns and operates sixty (60) licensed skilled nursing beds at The Pavilion Senior Living - Rehabilitation and Long Term Care at Lebanon located at 1406 Medical Center Drive, Lebanon, Tennessee (the "Nursing Home"). All 60 beds in the Nursing Home are dually certified for Medicare and Medicaid.

This application seeks to add an additional 20 dual Medicare/Medicaid-certified beds to the Applicant's existing sixty (60) bed facility for an eighty (80) bed facility if approved. The Nursing Home currently provides care for private-pay, Medicare Level II and Medicaid Level I and II residents. There would be no change to the services currently provided. The Applicant is responding directly to community need as documented in this application.

The project involves new construction to add a wing to the existing Nursing Home. The addition will be a single story, wood framed building with systems and finishes to match the existing facility and mirror a wing already located in the Nursing Home. The new wing will house all 20 of the proposed beds along with a nursing area, assisted bathing area, and resident common living spaces. The Nursing Home is designed to provide a residential home-like environment for its residents, while at the same time maximizing safety and independence. The finished new construction will consist of 8,340 square feet. The cost per square foot for total space is approximately \$136.30 based on total project cost.

When the Nursing Home was constructed in 2009, it was intended that an additional wing would be added at some point in the future. Accordingly, the current kitchen is more than adequate for the addition of 20 beds and the land on which the Nursing Home is located contains more than enough square footage on which to build the new wing. The new wing will consist of 7 double occupancy rooms and 6 single occupancy rooms bringing the total of private rooms at the Nursing Home to 14 (i.e. 30% of the new wing will be private and 17.5% of all 80 beds will be private). The new rooms and their accompanying living space will feel more like a residential dormitory room setting, rather than a clinical or institutional environmental. The common areas outside the rooms will have inviting sofas and chairs as well as a common dining area with small café tables.

An affiliate of the Applicant, Pavilion Assisted Living, LLC, is scheduled to open a 46-unit assisted living and memory care facility (the "ALF") across a private drive from the Nursing Home on August 18, 2017. As of August 15, 2017, 34 residents have placed a deposit with Pavilion Assisted Living, LLC. The location of the ALF in such close proximity to the Nursing Home will create a campus style environment where seniors can "age in place".

Another affiliate of the Applicant (together with the Applicant and Pavilion Assisted Living, LLC, the "Pavilion Entities") is finalizing plans for an independent living community (the "ILF") to be located on land adjacent to the ALF, and thus also across a private drive from the Nursing Home. The design for the ILF is being finalized, but is expected to have 58 units consisting of twenty-one (21) duplex style cottages and sixteen (16) single family homes. The ILF homes are currently scheduled to open in the summer of 2018.

HF-0004 Revised 12/2016 - All forms prior to this time are obsolete.

RDA 1651

The Applicant currently provides much needed health care services to its community and the development of a campus containing assisted living and memory care services and independent living will further benefit future residents of the Nursing Home. The "Pavilion Community" - a campus offering residents the entire residential continuum -- from independent housing to assisted living and memory care to round-the-clock nursing services -- will be the first of its kind in Wilson County.

The continuum of services that will be offered on the campus will allow individuals to "age in place" in a community that they have chosen to call home. A comprehensive development concept avoids the relocation of individuals from their friends, spouses and greater community when they require additional healthcare services or care in a residential health facility.

Residents of the ALF and ILF requiring sub-acute, short-term care following surgery can utilize the Nursing Home which will not only ensure the best continuity of care, but also the feel that they are still "at home" and close to spouses and other loved ones.

The construction of a new wing with additional beds at the Nursing Home is not only crucial for the Applicant to continue to provide the highest quality of care at the Nursing Home, but also essential to providing the highest quality of services to future residents of the ALF and ILF.

The Applicant does not hold any outstanding but unimplemented certificates of need.

2) Ownership structure;

RESPONSE: Pavilion-THS, LLC, a Tennessee limited liability company, is the 100% owner and operator of The Pavilion Senior Living - Rehabilitation and Long Term Care at Lebanon. Pavilion-THS, LLC is owned 100% by Total Healthcare Systems, LLC. The owners of Total Healthcare Systems, LLC are Gordon Bone (52%), Hal Bone (24%) and Suanne Bone (24%). The Bones own interests in 3 other communities: The Pavilion Senior Living at Carthage in Carthage, Tennessee, Crestview Manor located in Jane Lew, West Virginia and The Pavilion Senior Living at Lebanon, an assisted living and memory care facility scheduled to open on August 18th of 2017 which will be located across a private drive from the Nursing Home.

See Organizational Charts on Attachment Section A-4A

3) Service area;

RESPONSE: The Service Area is Wilson County. According to the Tennessee Central Economic Authority, Wilson County is the third-fastest growing county in Tennessee. Industry is taking off in Wilson County with companies such as Amazon and Starbucks locating distribution centers in the county. Wilson County is also the home to a CEVA Logistics Center, SO.F.TER headquarters and production facility as well as Hollisters' Logistics Center. (http://tennesseecentral.org/regional_data/regional_profile/wilson_county)

An overview of the Service Area is as follows:

- From 2018 to 2022, the Wilson County population is projected to grow 7% as compared with the overall statewide population which is projected to grow 4.1%.
- The 65 and older population is expected to comprise approximately 18.75% of the total Wilson County population in 2022, which is nearly the same as the statewide percentage of 18.73%.

- The 65 and older population of Wilson County will increase by approximately 21.4% from 2018 to 2022, which is more than the statewide increase of 15.6%.
- The 85 and older population of Wilson County will increase by approximately 20.4% from 2018 to 2022, which is significantly more than the statewide increase during that same period of 10.8%.
- The 85 and older population of Wilson County will increase by approximately 51.45% from 2018 to 2026, which is significantly more than the statewide increase during that same period of 26.75%.

4) Existing similar service providers;

RESPONSE: There are four (4) skilled nursing facilities in the Applicant's projected Service Area of Wilson County: Lebanon Health and Rehabilitation (60 beds), Quality Care Health Center (280 beds), Mt. Juliet Health Care Center (106 beds) and the Applicant's Nursing Home, Pavilion Senior Living.

The Applicant and the other Pavilion Entities are developing a campus setting providing housing and care ranging from independent living cottages and duplexes to assisted living and memory care to skilled nursing. The other three (3) nursing homes in the Service Area are not connected with the four (4) assisted living facilities also located within the Service Area. The other skilled nursing facilities and assisted living facilities in Wilson County do not offer a campus style environment for residents to "age in place".

5) Project cost;

RESPONSE: The total estimated project cost is \$1,136,755, with construction costs totaling \$976,729 or 85.92% of total cost. The construction cost is \$111.11 per square foot. The Applicant's construction cost per square foot is lower than the new construction cost state standard (\$152.80/sq. ft. for 1st Quartile) which is due to the fact that while the additional wing is new construction, many of the typical cost outlays for new construction are not required by the project. For instance, because the additional wing was anticipated when the Nursing Home was originally built, the current kitchen is more than adequate. Similarly, the land on which the Nursing Home is located contains more than enough parking. Further, the costs for site preparation for the proposed project are nominal, while other common aspects of the Nursing Home which have already been built will be utilized by the proposed new wing.

Funding;

RESPONSE: The Applicant will finance the project with cash reserves and a loan from Hal Bone, a member of Total Healthcare Systems, LLC, the sole member of the Applicant. Attached as Attachment Section A-3A(6) are the following documents: (1) a letter from the Applicant's Chief Financial Administrator indicating that the Applicant has \$200,000 in cash reserves; (2) a commitment from Hal Bone to loan the Applicant the remainder of the project costs; and (3) a letter from Pinnacle Asset Management Group / Raymond James verifying the ability of Hal Bone to borrow up to \$1,000,000.

7) Financial Feasibility including when the proposal will realize a positive financial margin; and

RESPONSE: This project is economically feasible and will produce positive operating revenue within the first year of the operation of the project.

RESPONSE: The Applicant will add both clinical and administrative staff if the project is approved. The Applicant does not anticipate any difficulties in staffing the expanded Nursing Home and will pay wages to additional staff that are competitive with state medians. The Applicant currently has a backlog of applications for various positions in the Nursing Home.

B. Rationale for Approval

A certificate of need can only be granted when a project is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, will provide health care that meets appropriate quality standards, and will contribute to the orderly development of adequate and effective health care in the service area. This section should provide rationale for each criterion using the data and information points provided in Section B. of this application. Please summarize in one page or less each of the criteria:

1) Need;

RESPONSE: The current need for additional beds in Wilson County is clear from the demographic data presented in this application. The cities of Lebanon and Mt. Juliet, as well as Wilson County, overall, are projecting rapid growth in population as well as an increase in the elder population. Further, it is the Applicant's belief that with the opening of the ALF in August of 2017 and the opening of the ILF in the summer of 2018, the current number of nursing home beds will not be adequate to accommodate the needs of the residents of the ALF and ILF forcing residents to move out of the Pavilion Community to obtain nursing care. A comprehensive development that includes a nursing home with an adequate number of beds is crucial to allowing residents in Wilson County to "age in in place" in the community that they have chosen to call home.

The Nursing Home has consistently maintained high occupancy rates year after year, and continues to provide a unique residential home-like environment for its residents, while at the same time maximizing safety and independence. Due to the sustained high occupancy levels, the Applicant must often deny admission to potential residents. Many of those denied residents end up leaving the Service Area to reside in a facility most similar in the level of care and offered amenities to the Nursing Home. At times, those residents, typically being discharged from the hospital, are forced to travel (sometimes over 20 miles) to facilities in other surrounding counties.

2) Economic Feasibility;

RESPONSE: The project discussed in this application is economically feasible and will produce positive operating revenue in the first year it is open. Due to the fact that an additional wing was contemplated at the time the Nursing Home was constructed, the costs of the project are well in line with, and even below, comparable projects that the agency has approved. The Applicant has maintained high occupancy for the past several years in the existing building, and projects a continued high occupancy for the entire facility (including the new wing) as soon as the project is completed. The Applicant believes that the current deflections alone from the Nursing Home would support the addition of 20 beds, but with the ALF and ILF on the same "campus", the Nursing Home should have no problem maintaining the requisite occupancy for the project to be economically feasible.

3) Appropriate Quality Standards; and

RESPONSE: The Nursing Home is currently in good standing with all licensing, certification and accrediting agencies. As set forth throughout this application, the Nursing Home has and continues to provide the highest level of care for its residents. The Nursing Home has an overall rating of 5 out of 5 stars as rated by Medicare's Nursing Home Compare and has been ranked by AHCA and NCAL as 1st out of 313 facilities in Tennessee on a weighted 3-cycle survey score. The Applicant continually monitors quality and patient outcomes to ensure the highest level of care.

4) Orderly Development to adequate and effective health care.

RESPONSE: As demonstrated in the many letters of support included with this application, the project will have a positive effect on the health care system as there is currently, and will continue to be, a substantial bed need in Wilson County. By developing a campus, the Pavilion Entities, including the Applicant, offer seniors the opportunity to reside in one community for the remainder of their lives as their age and medical needs advance, and the Nursing Home is a crucial component of that community.

There are currently no nursing homes associated with assisted living facilities in the Service Area and therefor no campus-like setting for Wilson County residents to age in place. The opening of the ALF concurrently with the filing of this application and the development of independent living duplexes and cottages within the next year will generate nursing home residents from within the Pavilion Community. Accordingly, the impact on other existing providers in the Service Area should be minimal. The Applicant will continue its partnerships with community leaders and other healthcare providers to ensure Wilson County can accommodate the future growth of the elder population in the county and the surrounding counties.

C. Consent Calendar Justification

If Consent Calendar is requested, please provide the rationale for an expedited review.

A request for Consent Calendar must be in the form of a written communication to the Agency's Executive Director at the time the application is filed.

RESPONSE: The Applicant does not seek Consent Calendar consideration.

4. SECTION A: PROJECT DETAILS

31

A.	Owner of the Facility, Agency or Institution				
	Pavilion-THS, LLC Name 600 Tennessee Boulevard Street or Route	14		615-444-5556 Phone No. Wilson County	
	<u>Lebanon</u> City	-	TN State	37087 Zip Code	
В.	Type of Ownership of Control (Check One)				
	A. Sole Proprietorship B. Partnership C. Limited Partnership D. Corporation (For Profit) E. Corporation (Not-for-Profit)	F. G. H. I.	or Political Sub Joint Venture	odivision) y Company	<u>xx</u>
Please	n a copy of the partnership agreement, or corpore e provide documentation of the active status of t ite at https://tnbear.tn.gov/ECommerce/FilingSearch	he e	ntity from the 7	Tennessee Secretar	e existence. y of State's
organ structi	ribe the existing or proposed ownership structure izational chart. Explain the corporate structure and ure relate to the applicant. As applicable, identifuer's percentage of ownership, for those members in	d the	e manner in wh e members of t	ich all entities of the the ownership entity	ownership and each
Health	ONSE: The Applicant, Pavilion-THS, LLC, is own ncare Systems, LLC is owned by Gordon Bone (52 hment Section A-4A.				

5.	Name of Management/Operating Entity (If Applicable)					
	Stein & Associates, LLC Name	***************************************				
	8520 South 36 th Terrace Street or Route		<u>Sebastian</u> County			
	Fort Smith City	<u>Arkansas</u> State	72908 Zip Code			
	Website address: <u>www.steinandsassociates.com</u>					

For new facilities or existing facilities without a current management agreement, attach a copy of a draft management agreement that at least includes the anticipated scope of management services to be provided, the anticipated term of the agreement, and the anticipated management fee payment methodology and schedule. For facilities with existing management agreements, attach a copy of the fully executed final contract. Attachment Section A-5.

6.	Legal	Interes	t in the Site of	the Institution (Che	ck One)	
	A. B. C.	Owner Option Lease	rship to Purchase of Years	<u>XX</u>	D. E.	Option to Lease Other (Specify)
building compa execut fully e approp Lease, actual	g/land any/own ted leas xecuted oriate of Option anticipa	for the ner that se agre d docume to Lea ated lea	project location currently lease ement. For pro- nent including ntation. Option ase Agreement ase expense. T	n, attach a copy of the the building/land for jects where the local option to Purchase to Purchase the must include the	the title/ or the p tion of t Agreem ments <u>u</u> e actual escribed	rent company/owner that currently own the deed. For applicants or applicant's parent project location, attach a copy of the fully the project has not been secured, attach a tent, Option to Lease Agreement, or other must include anticipated purchase price. Il anticipated term of the agreement and the herein must be valid on the date of the
6B.	and fr	om the	site on an 8 1/	2" x 11" sheet of whit	te papei	applicable, public transportation route to r, single or double-sided. <u>DO NOT SUBMIT</u> and need not be drawn to scale.
	1)	Plot Pl	an <u>must</u> includ	e:		
		a.	Size of site (in	acres);		
		b.	Location of str	ucture on the site;		
		C.	Location of the	proposed construction	on/reno	vation; and
		d.	Names of stre	ets, roads or highway	that cro	oss or border the site.
	2)	(noting	private or ser		areas, e	eludes legible labeling of patient care rooms equipment areas, etc. On an 8 1/2 by 11 e the floor plan.
	3)					portation routes, if any, and to any highway e the accessibility of the proposed site to

Attachment Section A-6A, 6B-1 a-d, 6B-2, 6B-3.

patients/clients.

7.	<u>Type of Institution</u> (Check as appropriate – more than one response may apply)	
	A. Hospital (Specify)	
Check	appropriate line(s).	
8.	Purpose of Review (Check) as appropriate line(s) — more than one response may apply)	
	A. New Institution B. Modifying an ASTC with	
9.	Medicaid/TennCare, Medicare Participation	
	MCO Contracts [Check all that apply]	
	XX AmeriGroup XX United Healthcare Community Plan XX BlueCareTennCare Select	
	Medicare Provider Number 44-5500	
	Medicaid Provider Number Level I 7440606 Level II 44-550	
	Certification Type Skilled Nursing	
	If a new facility, will certification be sought for Medicare and/or Medicaid/TennCare?	
	MedicareYes No <u>XX</u> N/A Medicaid/TennCareYes No <u>XX</u> N/A	

10. **Bed Complement Data**

35

Please indicate current and proposed distribution and certification of facility beds. A.

		Current Licensed	<u>Beds</u> Staffed	Beds Proposed	*Beds Approved	**Beds Exempted	TOTAL Beds at Completion
1)	Medical						
2)	Surgical						
3)	ICU/CCU						
4)	Obstetrical						
5)	NICU						
6)	Pediatric						
7)	Adult Psychiatric						
8)	Geriatric Psychiatric						
9)	Child/Adolescent Psychiatric						
10)	Rehabilitation						
11)	Adult Chemical Dependency						
12)	Child/Adolescent Chemical Dependency						
13)	Long-Term Care Hospital						
14)	Swing Beds						
15)	Nursing Home – SNF (Medicare only)						
16)	Nursing Home – NF (Medicaid only)						
17)	Nursing Home – SNF/NF (dually certified Medicare/Medicaid)	60	60	20	0	0	80
18)	Nursing Home - Licensed (non-certified)						l.
19)	ICF/IID						
20)	Residential Hospice						
	TOTAL		6				
	*Beds approved by not yet in	service	**	Beds exempte	d under 10%	per 3 year pr	ovision

- Describe the reasons for change in bed allocations and describe the impact the bed change will have B. on the applicant facility's existing services. Attachment Section A-10.
- Please identify all the applicant's outstanding Certificate of Need projects that have a licensed C. bed change component. If applicable, complete chart below.

CON Number(s)	CON Expiration Date	Total Licensed Beds Approved
N/A		

11. **Home Health Care Organizations** – Home Health Agency, Hospice Agency (excluding Residential Hospice), identify the following by checking all that apply: <u>RESPONSE: NOT APPLICABLE</u>

Anderson Bedford Benton Bledsoe Blount Bradley Campbell Cannon Carroll Carter Cheatham Chester Claiborne Clay Cocke	icensed county	Office County	Licensed County	Lauderdale Lawrence Lewis Lincoln Loudon McMinn McNairy Macon Madison Marion Marshall	Licensed County	Office County	Licensed County
Anderson Bedford Benton Bledsoe Blount Bradley Campbell Cannon Carroll Carter Cheatham Chester Claiborne Clay Cocke				Lawrence Lewis Lincoln Loudon McMinn McNairy Macon Madison Marion Marshall			
Bedford Benton Bledsoe Blount Bradley Campbell Cannon Carroll Carter Cheatham Chester Claiborne Clay Cocke				Lawrence Lewis Lincoln Loudon McMinn McNairy Macon Madison Marion Marshall			
Benton Bledsoe Blount Bradley Campbell Cannon Carroll Carter Cheatham Chester Claiborne Clay Cocke				Lewis Lincoln Loudon McMinn McNairy Macon Madison Marion Marshall			
Bledsoe Blount Bradley Campbell Cannon Carroll Carter Cheatham Chester Claiborne Clay Cocke				Lincoln Loudon McMinn McNairy Macon Madison Marion Marshall			
Blount Bradley Campbell Cannon Carroll Carter Cheatham Chester Claiborne Clay Cocke				Loudon McMinn McNairy Macon Madison Marion Marshall			
Bradley Campbell Cannon Carroll Carter Cheatham Chester Claiborne Clay Cocke				McMinn McNairy Macon Madison Marion Marshall			
Campbell Cannon Carroll Carter Cheatham Chester Claiborne Clay Cocke				McNairy Macon Madison Marion Marshall			
Cannon Carroll Carter Cheatham Chester Claiborne Clay Cocke				Macon Madison Marion Marshall			
Carroll Carter Cheatham Chester Claiborne Clay Cocke				Madison Marion Marshall			
Carter Cheatham Chester Claiborne Clay Cocke				Marion Marshall			
Cheatham Chester Claiborne Clay Cocke				Marshall			
Chester Claiborne Clay Cocke							
Claiborne Clay Cocke				BACHEL			
Clay Cocke				Maury			
Cocke				Meigs			
				Monroe			
10-4-				Montgomery			
Coffee				Moore			
Crockett				Morgan			
Cumberland				Obion			
Davidson				Overton			
Decatur				Perry			
DeKalb				Pickett			
Dickson				Polk			
Dyer				Putnam			
Fayette				Rhea			
Fentress				Roane			
Franklin				Robertson			
Gibson				Rutherford			
Giles				Scott			
Grainger				Sequatchie			
Greene				Sevier			
Grundy				Shelby			
Hamblen				Smith			
Hamilton				Stewart			
Hancock				Sullivan			
Hardeman				Sumner			
Hardin				Tipton			
Hawkins				Trousdale			
Haywood				Unicoi			
Henderson				Union			
Henry				Van Buren			
Hickman				Warren			
Houston	- 		-	Washington			
Humphreys				Wayne			
Jackson				Weakley			
Jefferson	-			White			
Johnson		-		Williamson			
Knox		-					
Lake				Wilson			

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12. Square Footage and Cost Per Square Footage Chart

12. Square	Footage and	Cost Per S	quare Footage	Chart			
				FFoposed	Proposed	Final Square F	ootage
Unit/Department	Existing Location	Existing SF	Temporary Location	Final Location	Renovated	New	Total
Rehab Wing						8,340	38,228
Unit/Department GSF Sub-Total							
Other GSF Total				719			
Total GSF		29,888				8,340	38,228
*Total Cost						\$926,729	
**Cost Per Square Foot						\$111.11	
					□ Below 1₅t Quartile	XX Below 1st Quartile	☐ Below 1st Quartile
			Which Range	albay an	☐ Betwe en 1₅t and 2₁d Quartile	☐ Between 1st and 2nd Quartile	☐ Between 1st and 2nd Quartile
(For quartile ranges, please refer to the Applicant's Toolbox on <u>www.tn.gov/hsda</u>).					☐ Betwe en 2₁₁ and 3₁₁ Quartile	☐ Between 2nd and 3rd Quartile	☐ Between 2nd and 3rd Quartile
					☐ Above 3rd Quartile	□Above 3 _{rd} Quartile	□Above 3 _{rd} Quartile

^{*} The Total Construction Cost should equal the Construction Cost reported on line A5 of the Project Cost Chart.

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^{**} Cost per Square Foot is the construction cost divided by the square feet. Please do not include contingency costs.

13. MRI, PET, and/or Linear Accelerator RESPONSE: NOT APPLICABLE

- 1. Describe the acquisition of any Magnetic Resonance Imaging (MRI) scanner that is adding a MRI scanner in counties with population less than 250,000 or initiation of pediatric MRI in counties with population greater than 250,000 and/or
- 2. Describe the acquisition of any Positron Emission Tomographer (PET) or Linear Accelerator if initiating the service by responding to the following:
- A. Complete the chart below for acquired equipment.

	Types:	☐ SRS ☐ IMRT ☐ IGRT ☐ Other
Total Cost*:		☐ By Lease Expected Useful Life (yrs)
☐ New	☐ Refurbished	☐ If not new, how old? (yrs)
	☐ Bre	east Extremity
Tesla:	_ Magnet: □ Ope	en 🗆 Short Bore 🗆 Other
		☐ By Purchase
Total Cost*:	-	☐ By Lease Expected Useful Life (yrs)
□ New	☐ Refurbished	☐ If not new, how old? (yrs)
☐ PET only	□ PET/CT	□ PET/MRI
		☐ By Purchase
Total Cost*:		☐ By Lease Expected Useful Life (yrs)
☐ New	□ Refurbished	☐ If not new, how old? (yrs)
	Total Cost*: ☐ New Tesla: ☐ Total Cost*: ☐ New ☐ PET only Total Cost*:	Total Cost*: New Refurbished Tesla: Magnet: Ope Total Cost*: New Refurbished PET only PET/CT Total Cost*:

- B. In the case of equipment purchase, include a quote and/or proposal from an equipment vendor. In the case of equipment lease, provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments along with the fair market value of the equipment.
- C. Compare lease cost of the equipment to its fair market value. Note: Per Agency Rule, the higher cost must be identified in the project cost chart.
- D. Schedule of Operations:

Location	Days of Operation (Sunday through Saturday)	Hours of Operation (example: 8 am – 3 pm)
Fixed Site (Applicant)		
Mobile Locations (Applicant)		
(Name of Other Location)		
(Name of Other Location)		

- E. Identify the clinical applications to be provided that apply to the project.
- F. If the equipment has been approved by the FDA within the last five years provide documentation of the same.

^{*} As defined by Agency Rule 0720-9-.01(13)

SECTION B: GENERAL CRITERIA FOR CERTIFICATE OF NEED

In accordance with T.C.A. § 68-11-1609(b), "no Certificate of Need shall be granted unless the action proposed in the application for such Certificate is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, will provide health care that meets appropriate quality standards, and will contribute to the orderly development of health care." Further standards for guidance are provided in the State Health Plan developed pursuant to T.C.A. § 68-11-1625.

The following questions are listed according to the four criteria: (1) Need, (2) Economic Feasibility, (3) Applicable Quality Standards, and (4) Contribution to the Orderly Development of Health Care. Please respond to each question and provide underlying assumptions, data sources, and methodologies when appropriate. Please type each question and its response on an 8 1/2" x 11" white paper, single-sided or double sided. All exhibits and tables must be attached to the end of the application in correct sequence identifying the question(s) to which they refer, unless specified otherwise. If a question does not apply to your project, indicate "Not Applicable (NA)."

QUESTIONS

SECTION B: NEED

A. Provide a response to each criterion and standard in Certificate of Need Categories in the State Health Plan that are applicable to the proposed project. Criteria and standards can be obtained from the Tennessee Health Services and Development Agency or found on the Agency's website at http://www.tn.gov/hsda/article/hsda-criteria-and-standards.

1. Determination of Need:

The need for nursing home beds for each county in the state should be determined by applying the following population-based statistical methodology:

Need =.0004 x population 65 and under, plus
.01 x population 65-74, plus
.04 x population 75-84, plus
.15 x population 85+

RESPONSE: According to the Tennessee Population Projections published by the Division of Health Statistics of the Tennessee Department of Health and the codified bed need formula, Wilson County currently has and will continue to have a significant bed need. In 2019, when the new wing would open, the *net* bed need will be 276 (the need being 782 with 506 beds currently available). In 2020 and 2021, the projected net bed need is 315 and 356, respectively. Please see the attached table on **Attachment Section B - Need - A-1** showing bed need through 2022. The bed need is projected to grow significantly in Wilson County over the next few years from both population growth and an aging population. The statistical analysis supports the fact that this criteria is met and there is an existing and future demand for the project. Additional nursing beds are required to ensure that the senior citizens of Wilson County and the surrounding areas are adequately served.

The Applicant needs to add 20 skilled nursing beds to the Nursing Home to ensure additional beds are available generally and to meet the anticipated increase in its nursing home utilization. Furthermore, given the development of the ALF and ILF, there will be a significant demand for nursing home services in the foreseeable future, not only from the residents of the ALF and ILF, but also from the broader Service Area.

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- 2. **Planning Horizon:** The need for nursing home beds shall be projected two years into the future for the current year.
 - **RESPONSE:** According to the Tennessee Population Projection published by the Division of Health Statistics of the Tennessee Department of Health and the codified bed need formula, in 2019, the first full year of operation, Wilson County is projected to need an additional 276 nursing home beds (net need minus existing beds), and in 2020, the second full year of operation, the net bed need is projected to be 315.
- 3. **Establishment of Service Area**: A majority of the population of the proposed Service Area for any nursing home should reside within 30 minutes travel time from that facility. Applicants may supplement their applications with sub-county level data that are available to the general public to better inform the HSDA of granular details and trends; however, the need formula established by these Standards will use the latest available final JAR data from the Department of Health. The HSDA additionally may consider geographic, cultural, social, and other aspects that may impact the establishment of a Service Area.

RESPONSE: The Service Area is Wilson County. The 2015 JAR data from the Department of Health indicates that of 260 total residents at the Nursing Home for the reporting period (1/1/2015 - 12/31/2015), 224 (i.e. 86%) were residents of Wilson County with the following breakdown for all counties:

County	Number of Residents
Davidson	5
DeKalb	1
Jackson	1
Macon	2
Montgomery	1
Rutherford	1
Smith	16
Stewart	1
Sumner	3
Trousdale	3
Outside of Tennessee	2
Wilson	224
TOTAL	260

Source: 2015 Joint Annual Reports

Smith County, adjacent to Wilson County to the east, has only one nursing facility, Kindred Nursing and Rehabilitation-Smith County. According to its 2015 JAR Report, the Kindred facility has 4 beds in private rooms, 108 beds in semi-private rooms and 16 beds in 3-bed wards. The Kindred facility also has an overall rating of 1 out of 5 stars on Medicare gov Nursing Home Compare. See chart below for a comparison with the Nursing Home:

	Beds in Private Rooms	Beds in Semi-	Beds in 3-bed	Overall Star
		Private Rooms	wards	Rating
Applicant	6 (current)	52 (current)	0	****
	(14 with addition)	66 (with addition)		
Kindred	4	108	16	*

Source: 2015 Joint Annual Reports; Medicare.gov Nursing Home Compare

The Applicant believes there is a need for additional beds at the Nursing Home to ensure bed availability for Smith County residents and that belief is echoed by the letter of support from the Smith County Mayor included in <u>Attachment Section B - Need - General</u>.

Many residents of Wilson County who are not able to be placed at the Nursing Home due to full occupancy choose Life Care Center of Old Hickory Village ("Hickory Village") or Life Care Center of Hickory Woods ("Hickory Woods"). While Hickory Village and Hickory Woods are located approximately 22 miles and 27 miles, respectively, from the Nursing Home, both possess the amenities and level of care similar to the Nursing Home. Hickory Village was built in 2012 and Hickory Woods in 2011 (2015 Joint Annual Reports). Hickory Village has a Medicare.gov star rating of 3 out of 5 stars and Hickory Woods has a Medicare.gov star rating of 5 out of 5 stars.

Adams Place located in Rutherford County is another facility chosen by individuals who cannot be placed at the Applicant's Nursing Home. Adams Place was built in 1997 and renovated in 2004 and has an overall Medicare gov star rating of 5 out of 5 stars.

Below is a chart showing the number of Wilson County residents choosing to reside in facilities similar to the Nursing Home (over the past three (3) reported years):

Facilities	Age of Home	Star Rating	Wilson County residents 2013	Wilson County residents 2014	Wilson County residents 2015
Adams Place	1997	****	2	2	11
Rutherford County	(2004				
26 miles from Nursing Home	renovation)				
Hickory Village	2012	***	9	3	8
Davidson County					-
22 miles from Nursing Home					
Hickory Woods	2011	****	57	82	70
Davidson County					. •
27 miles from Nursing Home					

Source: 2013 - 2015 Joint Annual Reports; Medicare.gov Nursing Home Compare

4. **Existing Nursing Home Capacity:** In general, the Occupancy Rate for each nursing home currently and actively providing services within the applicant's proposed Service Area should be at or above 90% to support the need for any project seeking to add new nursing home beds within the Service Area and to ensure that the financial viability of existing facilities is not negatively impacted.

When considering replacement facility or renovation applications that do not alter the bed component within the Service Area, the HSDA should consider as the primary factor whether a replacement facility's own occupancy rate could support its economic feasibility, instead of the occupancy rates of other facilities in the Service Area.

RESPONSE: The existing nursing home bed need, as established by the statutory need formula, shows the Service Area, Wilson County, as significantly in need of additional nursing home beds. As noted in the criteria, a key component of the HSDA's consideration should be how a facility's own occupancy rates support the economic feasibility; otherwise, a facility that is highly desirable because of its services and amenities could be impeded from necessary growth as part of its strategic plan. As shown in the chart below, the other three other facilities in the Service Area are not at or above 90% occupancy. However, the addition of 20 beds at the Nursing Home should not have a substantial negative impact on the other existing providers as the Nursing Home is currently turning away

residents, many of whom are leaving the Service Area of Wilson County for nursing home care. The Nursing Home's last five years' sustained occupancy at or above 93% and the many potential residents desiring admission who are turned away strongly demonstrates that the Nursing Home should expand to further serve the Service Area. Moreover, the opening of the ALF in August of 2017 will increase the need for available skilled nursing and long term care beds at the Nursing Home as the residents of the ALF and ILF age in place.

In connection with the Applicant's 2012 Certificate of Need Application for a 24-bed addition to the Nursing Home, each of the other facilities in the Service Area argued to the HSDA that the Nursing Home should be denied the additional 24 beds because such expansion would have a negative impact on their occupancy. The chart below indicates that the census in all three of the other facilities in the Service Area has generally remained the same since 2012 while the population of Wilson County and the surrounding area continues to increase.

	2012 Occupancy	2013 Occupancy	2014 Occupancy	2015 Occupancy
Pavilion Senior Living	98.9%	98.5%	97.3%	95.6%
Lebanon Health and Rehabilitation *only recently certified for Medicaid and only in network with 1 provider	65.5%	54.7%	53.3%	56.7%
Mt. Juliet Health Care Center	98.2%	79.5%	72.1%	67.6%
Quality Care Health Center	82.1%	83.8%	83.4%	87.3%

Source: 2012-2015 Joint Annual Reports

While the 2016 JAR Reports are not yet available on-line, the Applicant represents that its 2016 occupancy was 93.4%. Further, the Applicant represents that its 2017 occupancy through July 31, 2017 was 92.4%.

With the need in the Service Area in 2019 for 276 beds, the Applicant's modest request for 20 additional beds should not affect the other facilities in Wilson County. As shown in the chart below, even if every facility in the Service Area were at full occupancy there is still a need for 256 additional beds.

Pavilion (with additional 20 beds)	Lebanon Health and Rehab	Quality Care Health Center	Mt. Juliet Health Care Center	Total	Total Need 2019	Deficient (after addition of 20 beds)
80	60	280	106	526	782.9	256.9

Source: Tennessee Population Projections published by the Division of Health Statistics of the Tennessee Department of Health and the codified bed need formula

The need in the years following 2019 continues to increase to 405 in 2022 (a mere 3 years later).

As evidenced by the numerous letters of support from government officials, physicians trying to place residents in the Nursing Home and other concerned individuals from Wilson County and Smith County, a need currently exists for additional high quality skilled and long term nursing home beds in the Service Area.

5. Outstanding Certificates of Need: Outstanding CONs should be factored into the decision whether to grant an additional CON in a given Service Area or county until an outstanding CON's beds are licensed.

RESPONSE: There are no outstanding CONs in the Service Area.

6. **Data:** The Department of Health data on the current supply and utilization of licensed and CON-approved nursing home beds should be the data source employed hereunder, unless otherwise noted.

RESPONSE: The Department of Health data has been employed for this application.

7. Minimum Number of Beds: A newly established free-standing nursing home should have a sufficient number of beds to provide revenues to make the project economically feasible and thus is encouraged to have a capacity of at least 30 beds. However, the HSDA should consider exceptions to this standard if a proposed applicant can demonstrate that economic feasibility can be achieved with a smaller facility in a particular situation.

RESPONSE: This criterion is not applicable as this is not a newly established nursing home.

- 8. Encouraging Facility Modernization: The HSDA may give preference to an application that:
 - a. Proposes a replacement facility to modernize an existing facility.
 - b. Seeks a certificate of need for a replacement facility on or near its existing facility operating location. The HSDA should evaluate whether the replacement facility is being located as closely as possible to the location of the existing facility and, if not, whether,
 - c. Does not increase its number of operation beds.

In particular, the HSDA should give preference to replacement facility applications that are consistent with the standards described in TCA §68-11-1627, such as facilities that seek to replace physical plants that have building and/or life safety problems, and/or facilities that seek to improve the patient-centered nature of their facility by adding home-like features such as private rooms and/or home like amenities.

RESPONSE: This criterion is not applicable.

9. Adequate Staffing: An applicant should document a plan demonstrating the intent and ability to recruit, hire, train, assess competencies of, supervise and retain the appropriate numbers of qualified personnel to provide the services described in the application and that such personnel are available in the prosed Service Area, However, when considering applications for replacement facilities or renovations of existing facilities, the HSDA may determine the existing facility's staff would continue without significant change and thus would be sufficient to meet this Standard without a demonstration of efforts to recruit new staff.

RESPONSE: The Applicant pays wages and offers benefits that are commensurate with prevailing rates of other employment opportunities in the community. The Applicant has not had an issue with staffing the Nursing Home. The Nursing Home also benefits from several local schools with whom it maintains training partnerships, including Cumberland University, Lebanon High School, Wilson Central High School, McGavock High School and Tennessee College of Applied Technology. All of the foregoing schools have provided letters of support which are included in **Attachment Section B - Need - General**. The Applicant currently has adequate staff for the Nursing Home, including adequate professional staff required by the Department of Health, and does not anticipate any difficulty filling

positions needed in connection with the addition of 20 beds. Currently, the Applicant has 30 employment applications on file.

10. Community Linkage Plan: The applicant should describe its participation, if any, in a community linkage plan, including its relationships with appropriate health care system providers/services and working agreements with other related community services to assure continuity of care. If they are provided, letters from providers (including, e.g., hospitals, hospice services agencies, physicians) in support of an application should detail specific instances of unmet need for nursing home services.

RESPONSE: As stated above, affiliates of the Applicant (the Pavilion Entities) are preparing to open an assisted living and memory care community in August of 2017 with an independent living (cottages and duplexes) community to follow in the summer of 2018. The Applicant's utmost goal is to provide a community in which residents can age in place.

The Nursing Home is adjacent to Tennova Healthcare Center - Lebanon ("Tennova"), the only hospital in the Service Area and is connected to Tennova by a series of walkways and golf cart paths. The Applicant staffs a liaison to work with families, residents, medical staff and case managers to make the transition to rehabilitation and long term care. The Applicant offers potential residents and their families the opportunity to tour the Nursing Home, meet with the liaison to review any questions they have about care and provide input to the Applicant in its approach to help the resident make a smooth adjustment. The proximity of the Nursing Home to the Tennova campus, as well as the sidewalks and golf cart paths between the facilities, make it easier for families to tour the Nursing Home and accompany their family member upon admission. The Applicant works with Tennova case managers 7 days a week as they discharge residents to the Applicant's care.

As evidenced by the letters of support included in <u>Attachment Section B - Need - A-10</u>, the Applicant has strong working relationships with several local physicians, a local senior community, the Lebanon Senior Citizens Center, the Senior Citizens Awareness Network of Wilson County and Tennova. The Medical Director of the Nursing Home, Bill Robertson, M.D., will also serve as the Medical Director for the ALF and ILF, and maintains an office on the Tennova campus adjacent to the Nursing Home. This project is strongly supported by the community.

11. Access: The applicant should demonstrate an ability and willingness to serve equally all of the Service Aria in which it seeks certification. In addition to the factors set forth in HSDA Rule 0720-11-.01(1) (listing the factors concerning need on which an application may be evaluated), the HSDA may choose to give special consideration to an applicant that is able to show that there is limited access in the proposed Service Area. However, an applicant should address why Service Area residents cannot be served in a less restrictive and less costly environment and whether the applicant provides or will provide other services to residents that will enable them to remain in their homes.

RESPONSE: All beds in the Nursing Home are and will continue to be dually certified in the Medicare and Medicaid programs. The Applicant's model targets individuals who are Medicare qualified beneficiaries seeking skilled nursing and rehabilitation services and the Applicant will provide a continuum of care for residents of the ALF and ILF at such time as those communities are opened. The majority of all residents placed in nursing homes from the acute care setting are Medicare beneficiaries. Due to the fact that Medicare is a federal insurance program covering individuals age 65 and older, as well as disabled individuals below this threshold age, access to long term care Medicare beds is a function of bed availability in the market. As stated previously, the Applicant continuously turns away residents due to the unavailability of beds. The additional beds at the Nursing Home will provide greater access to health care for Medicare beneficiaries and reduce the instances in which the Applicant is unable to accept residents due to full occupancy.

12. Quality Control and Monitoring: The applicant should identify and document its existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring systems, including in particular details in its Quality Assurance and Performance Improvement program as required by the Affordable Care Act. As an alternative to the provision of third party accreditation information, applicant may provide information on any other stated, federal, or national quality improvement initiatives. An applicant that owns or administers other nursing homes should provide detailed information on their surveys and their quality control programs at those facilities regardless of whether they are located in Tennessee.

RESPONSE: The Applicant is currently in good standing with all licensing, certifying and accrediting agencies. As demonstrated in this application and the Applicant's regulatory history, the Nursing Home has provided high quality of care since its opening. The Applicant reports extensive quality measures as part of its involvement in the Medicare and Medicaid programs. The Applicant has an ongoing quality improvement program to monitor and improve patient outcomes. The outcomes are regularly reported as part of public reporting requirements for all nursing homes. The Nursing Home has an overall rating of 5 out of 5 stars as rated by Medicare's Nursing Home Compare and maintains the highest ratings for health inspections (5), staffing (4), and quality measures (4). The Applicant has been ranked by AHCA and NCAL as 1st out of 313 facilities in Tennessee on a weighted 3-cycle survey score. See <u>Attachment B - Need - A-12</u> for the Nursing Home's profile from Medicare's Nursing Home Compare website, the AHCA/NCAL letter and recent survey results for the Nursing Home. The level of quality provided by the Applicant results in the residents of Wilson County, and beyond, choosing to reside at the Nursing Home. As set forth in the Letters of Support, it is the outstanding reputation of the Applicant and the Nursing Home that keeps the facility first on families' and potential residents' list when seeking skilled nursing services.

13. Data Requirements: Applicant should agree to provide the TDH and/or the HSDA with all reasonably requested information and statistical data related to the operation and provision of services at the applicant's facility and to report that data in the time and format requested. As a standard of practice, existing data reporting streams will be relied upon and adapted over time to collect all needed information.

RESPONSE: This criteria is met. The Applicant will participate in any data production of collection activities and acknowledges its agreement to this criteria.

14. Additional Occupancy Rate Standards:

- a. An applicant that is seeking to add or change bed component within a Service Area should show how it projects to maintain an average occupancy rate for all licensed beds of at least 90 percent after two years of operation.
- b. There should be no additional nursing home beds approved for a Service Area unless each existing facility with 50 beds or more has achieved an average annual occupancy rate of 90 percent. In determining the Service Area's occupancy rate, the HSDA may choose not to consider the occupancy rate of any nursing home in the proposed Service Area that has been identified by the TDH Regional Administrator as consistently noncompliant with quality assurance regulations, based on factors such as deficiency numbers outside of an average range or standards of the Medicare 5 Star program.
- c. A nursing Home seeking approval to expand its bed capacity should have maintained an occupancy rate of 90 percent for the previous year.

RESPONSE: The Nursing Home CON Standards state that in general, the occupancy rate for each nursing home currently and actively providing services within the Applicant's proposed Service Area should be at or above 90% to support the need for any new project seeking to add new nursing beds within the Service Area and to ensure that that the financial viability of existing facilities is not negatively impacted.

The existing nursing home bed need, as established by the statutory need formula, shows Wilson County as significantly in need of additional nursing home beds. As further noted in the criteria, a key component of the HSDA's consideration should be how a facility's own occupancy rates support the economic feasibility of a project; otherwise, a facility that is highly desirable because of its services and amenities could be impeded from necessary and desired growth as part of its strategic plan. The Nursing Home has an overall rating of 5 out of 5 stars as rated by Nursing Home Compare and maintains the highest ratings for health inspections (5), staffing (4), and health inspections (4). The Applicant has been ranked by AHCA and NCAL as 1st out of 313 facilities in Tennessee on a weighted 3-cycle survey score. As noted in Section B, Need, Question 4 above, the three other facilities in the Service Area are not at or above the 90% guideline in the standard. However, last three year's occupancy at the Nursing Home of over 93% as well as the large numbers of deflections of residents desiring admission strongly demonstrates that the Nursing Home must expand to continue to serve the needs of Wilson County.

The criteria and standards includes an example that an Applicant may be able to make a case for additional beds if specific ancillary services or bed types are lacking in a proposed Service Area. The below chart lists several characteristics of each of the facilities in the Service Area demonstrating possible reasons a potential resident might choose the Nursing Home over other facilities in the area, including newer construction, number of private beds and number of deficiencies and complaints.

Facilities in Service Area	Age of Facility	Total Beds	Private Beds	Certification	Number of Health Deficiencies	Number of Complaints
Pavilion (including 20 bed addition)	2009	80	14	80 dual	0	0
Lebanon Health and Rehabilitation Center	1992	60	8	60 dual*	1	3
Quality Care Health Center	1977 with 1995 renovation	280	24	Medicare only = 80 Medicaid only = 200	1	1
Mt. Juliet Health Care Center	1994	106	1	160 dual	4	3

Source: 2015 Joint Annual Reports and Medicare gov Nursing Home Compare

B. Describe the relationship of this project to the applicant facility's long-range development plans, if any, and how it relates to related previously approved projects of the applicant.

RESPONSE: The Applicant and the other Pavilion Entities are committed to meeting the needs of Wilson County's growing population. With the opening of the ALF in August of 2017 as well as the construction of independent living cottages and duplexes opening in the summer of 2018, the Applicant would continue its dedication to serving the aging population of Wilson County.

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^{*}Lebanon Health and Rehabilitation Center only recently Medicaid certified (and only certified with 1 provider in network)

The Pavilion Entity developing the ILF has already had a great deal of interest in the new construction as individuals aged 55+ are planning to reside at the ILF community and place their parents at the ALF or Nursing Home so that they can be close to their loved ones. As of the date of this application, approximately 12 individuals/couples have expressed interest in becoming residents of the ILF.

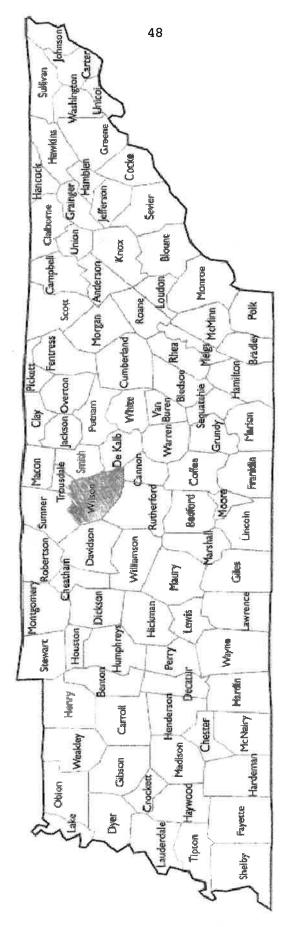
C. Identify the proposed service area and justify the reasonableness of that proposed area. Submit a county level map for the Tennessee portion of the service area using the map on the following page, clearly marked to reflect the service area as it relates to meeting the requirements for CON criteria and standards that may apply to the project. Please include a discussion of the inclusion of counties in the border states, if applicable. **Attachment Section B - Need-C.**

Please complete the following tables, if applicable:

Service Area Counties	Historical Utilization-County Residents	% of total residents
Wilson - 2015 JAR	224 of 260 residents	86.15%
Wilson - 2014 JAR	52 of 60 residents	86.66%
Wilson - 2013 JAR	46 of 60 residents	76.66%

Service Area Counties	Projected Utilization-County Residents	% of total residents
County #1		
County #2		
Etc.		
Total		100%

The Applicant believes that with the additional 20-beds it will be able to accommodate more residents of Wilson County. In addition to Wilson County, the Applicant hopes to continue to serve the residents of Smith County as well as other surrounding counties. Further, the Applicant's market studies indicate that the population of Davidson County is likely to migrate from a more densely populated area to cities such as Lebanon and Mt. Juliet, as evidenced by the success of the Del Webb community at Lake Providence in Mt. Juliet.



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D. 1). a) Describe the demographics of the population to be served by the proposal.

RESPONSE: The population in the proposed Service Area, Wilson County, is the third-fastest growing city in Tennessee and is projected for further growth over the next several years. Specifically, the growth of individuals age 75-84 and over age 85 in Wilson County is increasing as set forth in the chart below:

Wilson County Age	2018 Pop	2019 Pop	2020 Pop	2021 Pop	2022 Pop	2023 Pop	2024	2025	2026
		% increase over 2018	% increase over 2019	% increase over 2020	% increase over 2021	% increase over 2022	% increase over 2023	% increase over 2024	% increase over 2025
75-84 6,2	6,223	6,670	7,046	7,400	8,079	8,711	9,241	9,784	10,273
		7.18%	5.63%	5.02%	9.17%	7.82%	6.08%	5.87%	4.99%
85+	2,097	2,180	2,289	2,413	2,526	2,682	2,838	2,996	3,176
		3.95%	5.00%	5.41%	4.68%	6.17%	5.81%	5.56%	6.00%

Source: University of Tennessee Center for Business and Economic Research Population Data Files, Reassembled by the Tennessee Department of Health, Division of Policy, Planning and Assessment

As demonstrated in the above chart, the Need Calculation set forth in <u>Attachment Section B - Need - A-1</u> and the Population Data Chart set forth in <u>Attachment Section B - Need - D-1-b</u>, the growth in the elder population in Wilson County clearly supports the Applicant's proposed expansion.

b) Using current and projected population data from the Department of Health, the most recent enrollee data from the Bureau of TennCare, and demographic information from the US Census Bureau, complete the following table and include data for each county in your proposed service area.

Projected Population Data: http://www.tn.gov/health/article/statistics-population

TennCare Enrollment Data: http://www.tn.gov/tenncare/topic/enrollment-data

Census Bureau Fact Finder: http://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml

	[epartme	ent of H	ealth/H	ealth Sta	atistics		Bureau of the Census			TennCare		
Demographic Variable/Geographic Area	Total Population - Current Year	Total Population - Projected Year	Total Population-% Change	*Target Population- Current Year	*Target Population- Project Year	*Target Population- % Change	Target Population Projected Year as % of Total	Median Age	Median Household Income		Person Below Poverty Level as % of Total	TennCare Enrollees	TennCare Enrollees as % of Total Population
County A													
County B, etc.													

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Service Area Total	50			
State of TN Total				

^{*} Target Population is population that project will primarily serve. For example, nursing home, home health agency, hospice agency projects typically primarily serve the Age 65+ population; projects for child and adolescent psychiatric services will serve the Population Ages 0-19. Projected Year is defined in select service-specific criteria and standards. If Projected Year is not defined, default should be four years from current year, e.g., if Current Year is 2016, then default Projected Year is 2020.

See Attachment Section B - Need - D-1-b for above chart

2) Describe the special needs of the service area population, including health disparities, the accessibility to consumers, particularly the elderly, women, racial and ethnic minorities, and low-income groups. Document how the business plans of the facility will take into consideration the special needs of the service area population.

RESPONSE: The Wilson County Service Area continues to have a significant need for quality long-term care and other health care services. Although the existing Nursing Home helps to meet the needs of Wilson County, with the continuous population growth and the increasing need for nursing home services, the Applicant's existing bed capacity is not sufficient to meet existing and future need. Further, with the opening of the ALF and the development of the ILF (both located across a private drive from the Nursing Home), the existing 60 beds will not be sufficient to meet the needs of the Service Area or the Pavilion Senior Living community.

The Nursing Home is and will continue to be open to all ethnic and racial groups. For year-to-date 2017, the Nursing Home has averaged 26.4 residents with Medicaid as their primary payor and over the last 3 years (see chart on next page), the Nursing Home has averaged between 39% - 48% Medicaid residents.

E. Describe the existing and approved but unimplemented services of similar healthcare providers in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. List each provider and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: Admissions or discharges, patient days, average length of stay, and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc. This doesn't apply to projects that are solely relocating a service.

RESPONSE: There are currently 3 other nursing homes in Wilson County. Attached as **Attachment Section B - Need - E-1** is a chart that includes the occupancy rates for each of the 4 homes, including the Applicant's Nursing Home. Note that the JAR Reports available for the last 3 reported years do not reflect the fact that Lebanon Health & Rehabilitation was only recently certified for the Medicaid program and is currently only in network with one provider.

F. Provide applicable utilization and/or occupancy statistics for your institution for each of the past three years and the projected annual utilization for each of the two years following completion of the project. Additionally, provide the details regarding the methodology used to project utilization. The methodology must include detailed calculations or documentation from referral sources, and identification of all assumptions.

RESPONSE: The following chart reflects the Applicant's average daily census by payor for the past three (3) years:

Applicant's Average Daily Census by Payor for 60-bed facility (2013-Present)

Payor	2014	2015	2016	2017*
Private Pay	17.55	17.99	15.32	11.74
Medicare	7.75	10.90	11.80	12.03
Managed Care	3.40	4.28	4.44	5.52
Medicaid	28.47	22.45	23.14	24.51
Hospice-Private	.51	.73	1.03	.94
Hospice-Medicaid	.70	1.04	.31	.68
Total Patients:	58.38	57.39	56.04	55.42
Census:	97.3%	95.65%	93.4%	92.4%

Source: Applicant (*Through July 31, 2017)

Applicant's Projected Average Daily Census by Payor for 80-bed facility (2018-2020)

Payor	2018 (construction and fill up year)	2019 (first full year of addition)	2020 (second full year of addition)
Private Pay	11.74	14.65	15.17
Medicare	12.03	17.65	17.85
Managed Care	5.52	7.32	7.58
Medicaid	24.51	31.49	32.62
Hospice-Private	.94	.30	.31
Hospice-Medicaid	.68	1.84	2.35
Total Patients:	55.42	73.25	75.88
Census:	92.4%	91.56%	94.85%

Source: Applicant

- A. Provide the cost of the project by completing the Project Costs Chart on the following page. Justify the cost of the project.
 - 1) All projects should have a project cost of at least \$15,000 (the minimum CON Filing Fee). (See Application Instructions for Filing Fee)
 - The cost of any lease (building, land, and/or equipment) should be based on fair market value or the total amount of the lease payments over the initial term of the lease, whichever is greater. Note: This applies to all equipment leases including by procedure or "per click" arrangements. The methodology used to determine the total lease cost for a "per click" arrangement must include, at a minimum, the projected procedures, the "per click" rate and the term of the lease.
 - 3) The cost for fixed and moveable equipment includes, but is not necessarily limited to, maintenance agreements covering the expected useful life of the equipment; federal, state, and local taxes and other government assessments; and installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding, which should be included under construction costs or incorporated in a facility lease.
 - 4) Complete the Square Footage Chart on page 8 and provide the documentation. Please note the Total Construction Cost reported on line 5 of the Project Cost Chart should equal the Total Construction Cost reported on the Square Footage Chart.
 - 5) For projects that include new construction, modification, and/or renovation—<u>documentation</u> <u>must be</u> provided from a licensed architect or construction professional that support the estimated construction costs. Provide a letter that includes the following:
 - a) A general description of the project;
 - b) An estimate of the cost to construct the project;
 - c) A description of the status of the site's suitability for the proposed project; and
 - d) Attesting the physical environment will conform to applicable federal standards, manufacturer's specifications and licensing agencies' requirements including the AIA Guidelines for Design and Construction of Hospital and Health Care Facilities in current use by the licensing authority.

<u>RESPONSE</u>: Please see Project Cost Chart and <u>Attachment Section B: Economic</u> Feasibility - A-5.

PROJECT COST CHART 53

A.	Consti	ruction and equipment acquired by purchase:	4 5	
	1.	Architectural and Engineering Fees		40,000
	2.	Legal, Administrative (Excluding CON Filing Fee), Consultant Fees		30,000
	3.	Acquisition of Site		0
	4.	Preparation of Site		0
	5.	Construction Costs		926,729
	6.	Contingency Fund		50,000
	7.	Fixed Equipment (Not included in Construction Contract)		0
	8.	Moveable Equipment (List all equipment over \$50,000)		40,000
	9.	Other (Specify)N/A		0
B.	Acquis	ition by gift, donation, or lease:		
	1.	Facility (inclusive or building and land)		0
	2.	Building only		0
	3.	Land only		0
	4.	Equipment (Specify)		0
	5.	Other (Specify)		0
C.	Financ	ing Costs and Fees:		
	1.	Interim Financing		17,250
	2.	Underwriting Costs		10,000
	3.	Reserve for One Year's Debt Service		22,776
	4.	Other (Specify) N/A		0
D.	Estima (A+B+	ted Project Cost C)		1,136,755
E.	CON F	iling Fee		15,000
F.	Total E	stimated Project Cost		
	(D+E)	N .	TOTAL	1,151,755

Check the applicable item(s) below and briefly summarize how the project will be financed. (Documentation for the type of funding MUST be inserted at the end of the application, in the correct alpha/numeric order and identified as Attachment Section B-Economic Feasibility-B.)

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- XX 1) Commercial loan Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;
- ____ 2) Tax-exempt bonds Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;
- General obligation bonds Copy of resolution from issuing authority or minutes from the appropriate meeting;
- ____ 4) Grants Notification of intent form for grant application or notice of grant award;
- XX 5) Cash Reserves Appropriate documentation from Chief Financial Officer of the organization providing the funding for the project and audited financial statements of the organization; and/or
- ____ 6) Other Identify and document funding from all other sources.
- C. Complete Historical Data Charts on the following two pages—<u>Do not modify the Charts provided or submit Chart substitutions!</u>

Historical Data Chart represents revenue and expense information for the last *three (3)* years for which complete data is available. Provide a Chart for the total facility and Chart just for the services being presented in the proposed project, if applicable. **Only complete one chart if it suffices.**

Note that "Management Fees to Affiliates" should include management fees paid by agreement to the parent company, another subsidiary of the parent company, or a third party with common ownership as the applicant entity. "Management Fees to Non-Affiliates" should include any management fees paid by agreement to third party entities not having common ownership with the applicant.

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HISTORICAL DATA CHART

Give information for the last three (3) years for which complete data are available for the facility or agency. The fiscal year begins in January (Month).

			Year 2014	Year 2015	Year 2016
A.	Util	ization Dala (Specify unit of measure, e.g., 1,000 patient days, 500 visits)	21,309	20,946	20,456
В.	Re	venue from Services to Patients	3		
	1.	Inpatient Services	4,291,143	4,594,409	4,569,187
	2.	Outpatient Services	0	0	0
	3.	Emergency Services	0	0	0
	4.	Other Operating Revenue (Specify) therapy, medical supplies, drug revenue	1,332,470	1,451,397	1,692,446
		Gross Operating Revenue	\$5,623,613	\$6,045,806	\$6,261,633
C.	De	ductions from Gross Operating Revenue			
-	1.	Contractual Adjustments	654,134	611,892	525,795
	2.	Provision for Charity Care	0	0	0
	3.	Provisions for Bad Debt	40,284	78,236	82,421
	-	Total Deductions	\$694,418	\$690,128	\$608,216
NE	TO	PERATING REVENUE	\$4,929,195	\$5,355,678	\$5,653,417
D.	Op	erating Expenses			
	1.	Salaries and Wages			
		a. Direct Patient Care	1,492,966	1,488,710	1,515,219
		b. Non-Patient Care	713,988	698,529	683,868
	2.	Physician's Salaries and Wages	54,652	49,890	52,219
	3.	Supplies	172,277	196,610	190,284
	4.	Rent			
		a. Paid to Affiliates	0	0	0
		b. Paid to Non-Affiliates	3,006	3,146	3,182
	5.	Management Fees:			
		a. Paid to Affillates	0	0	0
		b. Paid to Non-Affiliates	90,000	90,000	90,000
	6.	Other Operating Expenses	1,306,271	1,825,618	1,989,498
		Total Operating Expenses	\$3,833,160	\$4,352,503	\$4,524,270
E.	Ear	rnings Before Interest, Taxes and Depreciation	\$1,096,035	\$1,003,175	\$1,129,147
F.	No	n-Operating Expenses			
	1.	Taxes	90,516	81,579	87,016
_	2.	Depreciation	215,550	223,263	220,067
	3.	Interest	145,424	163,478	161,166
	4.	Other Non-Operating Expenses	0	0	0
Г		Total Non-Operating Expenses	\$451,490	\$468,320	\$4,68,249
NI	TIN	COME (LOSS)	\$644,545	\$534,855	\$660,898

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		Year 2014	Year 2015	Year 2016
NE	T INCOME (LOSS)	\$644,545	\$534,855	\$660,898
G.	Other Deductions			
	Annual Principal Debt Repayment	156,564	60,700	56,610
	2. Annual Capital Expenditure		146,026	
	Total Other Deductions	\$156,564	\$206,726	\$56,610
	NET BALANCE	\$487,981	\$60,700 146,026 \$206,726 \$328,129	\$604,288
_	DEPRECIATION .	\$215,550	\$223,263	\$220,067
-	FREE CASH FLOW (Net Balance + Depreciation)	\$703,531	\$551,392	\$824,355

X Total Facility
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HISTORICAL DATA CHART-OTHER EXPENSES

**************************************	Y	еаг 2014	Year 2015		Year 2016
OTHER EXPENSES CATEGORIES			 		
Professional Services Contract	\$	463,273	\$ 629,249	\$	724,236
Contract Labor	\$	•	\$ 	\$	-
Imaging Interpretation Fees	\$	7,413	 9,820		14,885
Drugs	\$	174,191	\$ 229,396	_	242,327
Equipment Rental	\$	11,910	\$ 11,513	\$	15,669
Equipment Purchase	\$	14,539	\$ 39,773	\$	9,035
Training	\$	5,969	\$ 2,129	\$	2,769
Travel	\$	328	\$ 491	\$	531
Raw Food	\$	137,785	\$ 150,379	\$	147,078
Maintenance & Repairs	\$	26,701	\$ 27,725	\$	25,959
Utilities	\$	115,534	\$ 119,832	\$	108,669
Lawn Care	\$	3,850	\$ 1,639	\$	6,394
Non-Emergency Transportation	\$	414	\$ 766	\$	4,841
Lab Fees	\$	11,662	\$ 8,307	\$	9,220
Ins - Health, work comp, GL, vehicle, etc.	\$	154,156	\$ 368,929	\$	373,324
Software support & exp	\$	16,042	\$ 16,260	\$	10,779
Dues/Membership/Subscriptions	\$	8,271	\$ 10,611	\$	14,319
Advertising	\$	2,047	\$ 1,503	\$	2,122
Quality Assurance Fee	\$	127,659	\$ 180,839	\$	261,270
Amortization Expense	\$	16,654	\$ 6,496	\$	5,153
Employee Benefits	\$	7,873	\$ 9,861	\$	10,868
Contributions	\$	C	\$ 100	\$	50
TOTAL		\$1,306,271	\$1,825,618		\$1,989,498

D. Complete Projected Data Charts on the following two pages – <u>Do not modify the Charts provided or submit Chart substitutions!</u>

The Projected Data Chart requests information for the two years following the completion of the proposed services that apply to the project. Please complete two Projected Data Charts. One Projected Data Chart should reflect revenue and expense projections for the *Proposal Only* (i.e., if the application is for additional beds, include anticipated revenue from the proposed beds only, not from all beds in the facility). The second Chart should reflect information for the total facility. **Only complete one chart if it suffices.**

Note that "Management Fees to Affiliates" should include management fees paid by agreement to the parent company, another subsidiary of the parent company, or a third party with common ownership as the applicant entity. "Management Fees to Non-Affiliates" should include any management fees paid by agreement to third party entities not having common ownership with the applicant.

SUPPLEMENTAL #1

August 28, 20 Ptal Facility

PROJECTED DATA CHART

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in January (Month).

	Year 2019	Year 2020
A. Utilization Data (Specify unit of measure, e.g., 1,000 patient days, 500 visits)	26,737	27,697
B. Revenue from Services to Patients		
1. Inpatient Services	6,020,968	6,462,304
2. Outpatient Services	0	
Utilization Data (Specify unit of measure, e.g., 1,000 patient days, 500 visits) 26,737	(
	2,205,314	
Gross Operating Revenu	ue \$8,076,242	\$8,667,618
Utilization Data (Specify unit of measure, e.g., 1,000 patient days, 500 visits) 26,737 Revenue from Services to Patients 6,020,968 1. Inpatient Services 6,020,968 2. Outpatient Services 0 3. Emergency Services 0 4. Other Operating Revenue (Specify) 2,055,274 Gross Operating Revenue \$8,076,242 Deductions from Gross Operating Revenue 830,76,242 Deductions from Gross Operating Revenue 1. Contractual Adjustments 635,599 2. Provision for Charity Care 0 3. Provisions for Bad Debt 113,899 Total Deductions \$749,498 ET OPERATING REVENUE \$7,326,744 Operating Expenses 1. Salaries and Wages 3,0610 2. Physician's Salaries and Wages 4, Rent 4, Paid to Affiliates 0, Paid to Non-Affiliates 0, P		
Contractual Adjustments	635,599	679,917
2. Provision for Charity Care	0	(
3. Provisions for Bad Debt	113,899	106,987
Total Deduction	ns \$749,498	\$786,904
NET OPERATING REVENUE	\$7,326,744	\$7,880,714
D. Operating Expenses		
1. Salaries and Wages		
a. Direct Patient Care	1,901,009	2,012,711
b. Non-Patient Care	800,610	818,146
2. Physician's Salaries and Wages	52,875	52,875
3. Supplies	242,827	255,139
4. Rent		
a. Paid to Affiliates	0	0
b. Paid to Non-Affiliates	1188	1188
5. Management Fees:		
a. Paid to Affiliates	0	0
b. Paid to Non-Affiliates	120,000	120,000
6. Other Operating Expenses	2,963,050	3,279,767
Total Operating Expense	es \$6,081,559	\$6,539,826
E. Earnings Before Interest, Taxes and Depreciation	\$1,245,185	\$1,340,888
F. Non-Operating Expenses		
1. Taxes	101,261	108,090
2. Depreciation		269,373
3. Interest	209,234	207,784
Other Non-Operating Expenses	. 0	0
Total Non-Operating Expense	s \$579,868	\$585,247
NET INCOME (LOSS)	\$665,317	\$755,641
Chart Continues Onto Next Page	× 1	

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		11:47a 2019	Year 2020
NET IN	NCOME (LOSS)	\$665317	\$755641
G. Ot	her Deductions		
1.	Estimated Annual Principal Debt Repayment	94,009	95,459
2.	Annual Capital Expenditure	0	v. 0
	Total Other Deductions	\$94,009	\$95,459
	NET BALANCE	\$571,308	\$660,182
	DEPRECIATION	\$269,373	\$269,373
	FREE CASH FLOW (Net Balance + Depreciation)	\$840,681	\$929,555

X Total Facility
☐ Project Only

PROJECTED DATA CHART-OTHER EXPENSES

7.70	Y	ear 2019	Year 2020		
OTHER EXPENSES CATEGORIES					
Professional Services Contract	\$	1,243,688	\$	1,414,11	
Contract Labor	\$	-	\$		
Imaging Interpretation Fees	\$	14,780	\$	14,780	
Drugs	\$	564,087	\$	653,226	
Equipment Rental	\$	20,147	\$	21,514	
Equipment Purchase	\$	11,370	\$	11,721	
Training	\$	4,881	\$	6,427	
Travel	\$	-	\$		
Raw Food	\$	191,872	\$	204,809	
Maintenance & Repairs	\$	23,160	\$	24,703	
Utilities	\$	138,703	\$	146,995	
Lawn Care	\$	5,500	. \$	5,500	
Non-Emergency Transportation	\$	5,000	\$	5,000	
Lab Fees	\$	9,594	\$	9,594	
Ins - Health, work comp, GL, vehicle, etc.	\$	359,138	\$	367,029	
Software support & exp	\$	15,600	\$	15,600	
Dues/Membership/Subscriptions	\$	15,452	\$	16,136	
Advertising	\$	2,646	\$	2,804	
Quality Assurance Fee	\$	328,219	\$	350,605	
Amortization Expense	\$	5,153	\$	5,153	
Employee Benefits	\$	3,460	\$	3,460	
Contributions	\$	600	\$	600	
Total Other Expenses	\$	2,963,050	\$	3,279,767	

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PROJECTED DATA CHART

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in January (Month).

			Year 2019	Year 2020
A.	Utili	zation Data (Specify unit of measure, e.g., 1,000 patient days, 500 visits)	5,610	6,570
В.	Rev	renue from Services to Patients		
	1.	Inpatient Services	1,420,968	1,862,304
	2.	Outpatient Services		
	3.	Emergency Services		
	4,	Other Operating Revenue (Specify) therapy,	443,527	593,567
		Gross Operating Revenue	\$1,864,495	\$2,455,871
C.	Ded	luctions from Gross Operating Revenue		
	1.	Contractual Adjustments	135,599	179,917
	2,	Provision for Charity Care		
	3.	Provisions for Bad Debt	33,899	26,987
		Total Deductions	\$169,498	\$206,904
NE	T OF	PERATING REVENUE	\$1,694,997	\$2,248,967
D.	Ópe	erating Expenses		
	1.	Salaries and Wages		
		a. Direct Patlent Care	270,365	382,067
		b. Non-Patient Care	46,588	64,124
	2.	Physician's Salaries and Wages		
	3.	Supplies	58,010	70,322
	4.	Rent		
		a. Paid to Affiliates		
		b. Paid to Non-Affiliates		
	5.	Management Fees:		
		a. Paid to Affiliates		
		b. Paid to Non-Affiliates		
	6.	Other Operating Expenses	939,973	1,256,690
Т		Total Operating Expenses	\$1,314,936	\$1,773,203
E.	Ear	mings Before Interest, Taxes and Depreciation	\$380,061	\$475,764
F.	No	n-Operating Expenses		
Γ	1.	Taxes	20,148	26,977
	2.	Depreciation	45,333	45,333
_	3.	Interest	44,354	42,904
	4.	Other Non-Operating Expenses		
		Total Non-Operating Expenses	\$109,835	\$115,214
	TIN	COME (LOSS)	\$270,226	\$360,550

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Г			Year 2019	Year 2020
NE	T IN	COME (LOSS)	\$270,226	\$360,550
G.	Oth	ner Deductions	-	
<u> </u>	1.	Estimated Annual Principal Debt Repayment	31,564	33,014
	2.	Annual Capital Expenditure		
		Total Other Deductions	\$31,564	\$33,014
	_	NET BALANCE	\$238,662	\$327,538
		DEPRECIATION	\$45,333	\$45,333
		FREE CASH FLOW (Net Balance + Depreciation)	\$283,995	\$372,869

☐ Total Facility X Project Only

PROJECTED DATA CHART-OTHER EXPENSES

	Year 2019	Year 2020	
OTHER EXPENSES CATEGORIES			
Professional Services Contract	515,448	685,871	
Contract Labor	•		
Imaging Interpretations Fees	0	0	
Drugs	263,505	352,644	
Equipment Rental	4,042	5,409	
Equipment Purchase	1036	1,387	
Training	881	2,427	
Travel			
Raw Food	38,243	51,180	
Maintenance & Repairs	4,560	6,103	
Utilities	24,511	32,803	
Lawn Care	0	0	
Non-Emergency Transportation	0	0	
Lab Fees	0	0	
Ins - Health, work comp, GL, vehicle, etc.	19,086	26,977	
Software support & exp	0	0	
Dues/Membership/Subscriptions	2,021	2,705	
Advertising	466	624	
Quality Assurance Fee	66,174	88,560	
Amortization Expense	0		
Employee Benefits	0		
Contributions	0		
Total Other Expenses	\$ 939,973	\$ 1,256,690	

E. 1) Please identify the project's average gross charge, average deduction from operating revenue, and average net charge using information from the Projected Data Chart for Year 1 and Year 2 of the proposed project. Please complete the following table.

	Previous Year (2016)	Current Year (2017 and 2018*)	Year 1 (2019)	Year 2 (2020)	% Change (Previous Year to Year 2)**
Gross Charge (Gross Operating Revenue / Utilization Data)	\$306.10	N/A	\$332.35	\$373.80	22.1%
Deduction from Revenue (Total Deductions/Utilization Data)	\$29.73	N/A	\$30.21	\$31.49	5.91%
Average Net Charge (Net Operating Revenue/Utilization Data)	\$276.37	N/A	\$302.14	\$342.31	23.86%

^{*2018} will be construction and fill-up, so projections are the same for 2017 and 2018

2) Provide the proposed charges for the project and discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the project and the impact on existing patient charges.

RESPONSE: The Applicant does not anticipate any changes to current charges as a result of the additional 20 dual certified beds. The proposed rates reflect increases of 1% per year based on current rates. The Applicant's Current and Proposed Charge Schedules are as follows:

Payor	Current Year and 2018	Year 1 (2019)	Year 2 (2019)
Private Pay	\$220.00	\$222.20	\$224.42
Medicare	\$400.00	\$404.00	\$408.04
Medicaid	\$189.00	\$190.89	\$194.73

The proposed rate increases reflect 1% for private, 1% for Medicare and 1% for Medicaid

3) Compare the proposed charges to those of similar facilities in the service area/adjoining service areas, or to proposed charges of projects recently approved by the Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

RESPONSE: Below is a chart of the charges for facilities in the Service Area:

^{**2016} is the latest year for which complete data are available in Historical Data Chart (thus used for % Change)

	Applicant's Pr	oposed Charg	es as Compar	ed to Existing	Facilities in W	ilson County	
	Medicare Skilled Care	Medicaid TennCare Level 2	Medicaid TennCare Level 1	Private Level 2	Private Level 1	Semi- Private Level 2	Semi- Private Level 1
Pavilion Senior Living	\$400	\$175	\$164	\$265	\$265	\$220	\$220
Lebanon Health and Rehabilitation Center (2014 JAR Report)	\$419	N/A	N/A	\$0	\$281	\$0	\$201
Quality Care Health Center	\$478	\$204	\$191	\$299	\$199	\$299	\$199
Mt. Juliet Health Care Center	\$483	\$172	\$183	\$306	\$208	\$306	\$197

Source: 2015 Joint Annual Reports (except Lebanon Health and Rehabilitation Center which had no 2015 data so 2014 report data used)

F. 1) Discuss how projected utilization rates will be sufficient to support the financial performance. Indicate when the project's financial breakeven is expected and demonstrate the availability of sufficient cash flow until financial viability is achieved. Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For all projects, provide financial information for the corporation, partnership, or principal parties that will be a source of funding for the project. Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as Attachment Section B-Economic Feasibility-F1. NOTE: Publicly held entities only need to reference their SEC filings.

RESPONSE:

For the first full year of the addition, the Applicant projects an average daily census of 73.25 residents or 26,737 patient days, for an average annual occupancy rate of 91.56%.

For the second full year of the addition, the Applicant projects an average daily census of 75.88 residents or 27,697 patient days, for an average annual occupancy rate of 94.85%.

The project is economically feasible and will produce positive operating revenue by Year One.

In addition, the owners of the Applicant will provide funding as necessary to cover any operational losses (if any are experienced). As noted previously, the Applicant's financial statements for 2015 and 2016 are included with this application.

2) Net Operating Margin Ratio – Demonstrates how much revenue is left over after all the variable or operating costs have been paid. The formula for this ratio is: (Earnings before interest, Taxes, and Depreciation/Net Operating Revenue).

Utilizing information from the Historical and Projected Data Charts please report the net operating margin ratio trends in the following table:

Year	2nd Year previous to Current Year (2015)	1st Year previous to Current Year (2016)	Current Year (2017 and 2018*)	Projected Year 1 (2019)	Projected Year 2 (2020)
Net Operating Margin Ratio	18.73%	19.97%	N/A**	16.99%	17.01%

^{*2018} will be construction and fill-up, so projections are the same for 2017 and 2018

3) Capitalization Ratio (Long-term debt to capitalization) – Measures the proportion of debt financing in a business's permanent (Long-term) financing mix. This ratio best measures a business's true capital structure because it is not affected by short-term financing decisions. The formula for this ratio is: (Long-term debt/(Long-term debt+Total Equity (Net assets)) x 100).

For the entity (applicant and/or parent company) that is funding the proposed project please provide the capitalization ratio using the most recent year available from the funding entity's audited balance sheet, if applicable. The Capitalization Ratios are not expected from outside the company lenders that provide funding.

RESPONSE: The Capitalization Ratio of the Applicant as based on the most recent financials is 49.4, calculated as follows: Long-Term Debt [\$3,928,385] / (Long-Term Debt [\$3,928,385] + Total Equity (Net assets) [\$4,023,296] x 100) = 49.4.

G. Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid and medically indigent patients will be served by the project. Additionally, report the estimated gross operating revenue dollar amount and percentage of projected gross operating revenue anticipated by payor classification for the first year of the project by completing the table below.

<u>RESPONSE</u>: The Applicant is seeking the addition of 20 dual certified beds; accordingly, all beds in the Nursing Home will be certified for participation in the Medicaid/TennCare program.

The Applicant's Projected Payor Mix for the proposed 20-bed project for the first full year of operation is set forth below

Payor Source	Projected Gross Operating Revenue (2019)	As a % of total	
Medicare/Medicare Managed Care	\$372,899.00	20%	
TennCare/Medicaid	\$932,247.50	50%	
Commercial/Other Managed Care	\$205,094.45	11%	
Self-Pay	\$354,254.05	19%	
Charity Care	mprodu		
Other (Specify)	apone)	(ha c)	
Total	\$1,864,495	100%	

^{**2016} is the latest year for which complete data are available in Historical Data Chart

Projected **Current Year** 2nd Year 1st Years (2017 and 2018*) Year previous to previous to Year 2 11:272am) Current Year (2020) Current Year (2015)(2016)1,003,175 / \$1,129,147 / N/A** \$1,245,185 / \$1,340,888 / Net Operating 5,355,678 5653417 7,326,744 7,880,714 Margin Ratio = 0.1873= 0.1997= 0.1699= 0.1701[Earnings before 19.97% 16.99% 17.01% 18.73% interest, Taxes and Depreciation / Net Operating Revenuel

3) Capitalization Ratio (Long-term debt to capitalization) – Measures the proportion of debt financing in a business's permanent (Long-term) financing mix. This ratio best measures a business's true capital structure because it is not affected by short-term financing decisions. The formula for this ratio is: (Long-term debt/(Long-term debt+Total Equity (Net assets)) x 100).

For the entity (applicant and/or parent company) that is funding the proposed project please provide the capitalization ratio using the most recent year available from the funding entity's audited balance sheet, if applicable. The Capitalization Ratios are not expected from outside the company lenders that provide funding.

RESPONSE: The Capitalization Ratio of the Applicant as based on the most recent financials is 49.4, calculated as follows: Long-Term Debt [\$3,928,385] / (Long-Term Debt [\$3,928,385] + Total Equity (Net assets) [\$4,023,296] x 100) = 49.4.

^{*2018} will be construction and fill-up, so projections are the same for 2017 and 2018
**2016 is the latest year for which complete data are available in Historical Data Chart

Provide the projected staffing for the project in Year 1 and compare to the current staffing for the most recent 12-month period, as appropriate. This can be reported using full-time equivalent (FTEs) positions for these positions. Additionally, please identify projected salary amounts by position classifications and compare the clinical staff salaries to prevailing wage patterns in the proposed service area as published by the Department of Labor & Workforce Development and/or other documented sources.

	Existing FTEs (2017)	Projected FTEs Year 1	Average Wage (Contract Rate)	Area Wide/Statewide
	(==)	(2019)	(Average Wage
A. Direct Patient Care Positions				?
Certified NA	23	30	12.69	11.46
LPN	12	15	19.84	18.91
RN	2	2	*	
Nurse Manager	2	2		
DNS	1	1		
MDS	1.5	1.5		
Total Direct Patient Care Positions	41.5	51.5		
		he led single seed of	ENTER STREET	1 A 2 - 1 A 1 A 1 A 1 A 1 A 1 A 1 A 1 A 1 A 1
B. Non-Patient Care Positions				
Quality Coordinator	0	0		
Administrator	1	1		
Resource Development	0	0		
Nurse Educator	.5	.5		
Receptionist	1.5	1.5		
Drivers	0	0		
Human Resources	0	0		
Sales Professional	.5	.5		
Social Services	1	1		
HIM	0	0		
Activity Director	1	1		
Admission	0	1		
Laundry	3	4	8.31	8.39
Housekeeping	4	5	9.31	9.41
Cook	4	4		
Dietary Aid	3	3		
Maintenance Director	1	1		
Maintenance Tech	0	0		
Office Managers	1	1		
Total Non- Patient Care Positions	21.5	24.5		
Total Employees (A+B)	63	76		
C. Contractual Staff			N N	
Therapy Staff	6	9.5		
Total Staff (A+B+C)	69	85.5		

- I. Describe all alternatives to this project whicl 7 were considered and discuss the advantages and disadvantages of each alternative including but not limited to:
 - 1) Discuss the availability of less costly, more effective and/or more efficient alternative methods of providing the benefits intended by the proposal. If development of such alternatives is not practicable, justify why not, including reasons as to why they were rejected.

RESPONSE: The Applicant has, both in 2012 in its first Certificate of Need Application and in this application, carefully considered its request to add additional beds to the Nursing Home, including obtaining feasibility and market studies. An alternative to the addition of beds does not exist. As evidenced by the current and future bed need and the letters of support included with this application, it is clear that there is a need in Wilson County for additional beds (including in private rooms) in an environment like and with amenities similar to those provided in the Nursing Home. With the development of the ALF and ILF in the same campus setting as the Nursing Home, the Applicant plans to provide a community in which residents can reside over a long period of time and an adequate number of beds at the Nursing Home is crucial to such a community.

2) Document that consideration has been given to alternatives to new construction, e.g., modernization or sharing arrangements.

RESPONSE: As discussed above, with the current census of the Nursing Home and its history of having to turn away residents, there are no feasible alternatives to additional beds.

SECTION B: CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE

A. List all existing health care providers (i.e., hospitals, nursing homes, home care organizations, etc.), managed care organizations, alliances, and/or networks with which the applicant currently has or plans to have contractual and/or working relationships, that may directly or indirectly apply to the project, such as, transfer agreements, contractual agreements for health services.

RESPONSE: The Applicant has agreements for health services with the following providers:

Alive Hospice American Health Associates American Medical Response Dialysis Clinic Inc. Direct Supply Eye Care for Life First Call First Choice Medical Gentiva Healthspring Hendricks Counseling Hometown Respiratory Lee Medical Linde Gas Marquis Mobile Dental Quality Mobile X-Ray Stein Ancillary Services Summit Tri-Star Hospital Tennova Healthcare Center

B. Describe the effects of competition and/or duplication of the proposal on the health care system, including the impact to consumers and existing providers in the service area. Discuss any instances of competition and/or duplication arising from your proposal including a description of the effect the proposal will have on the utilization rates of existing providers in the service area of the project.

RESPONSE:

As previously stated, the Nursing Home has maintained, and will continue to maintain, the highest quality of care.

In addition to the Applicant's commitment to the highest level of care, the Nursing Home is very different from the other facilities in the area as it was constructed and decorated to be aesthetically pleasing and non-institutional. The entire Nursing Home (except for the kitchen and the bathrooms) is carpeted which decreases the overall noise level and also lends a home-like environment to the residents and their families. The vaulted ceilings, custom lighting, thoughtful décor, paint colors and artwork give the home the warmth and feel of a relaxed environment, not an institution. For residents' families, the Nursing Home is inviting with large gathering spaces, including a lounge with a custom stone fireplace, so that residents and families do not feel closed off in a resident's room. The proposed new wing's dining and relaxation spaces will complement the existing feel of the home creating more spaces for loved ones to gather.

The Applicant has demonstrated its commitment to quality of care. According to Medicare.gov Nursing Home Compare, the Applicant's facility has the highest composite "star ratings of the facilities in the Service Area The "star ratings" of Wilson County are as follows:

	Overall	Health Inspection	Staffing	Quality Measures
Applicant - Pavilion	****	****	***	****
Lebanon Health and Rehabilitation	****	***	***	****
Mt. Juliet Health Care Center	***	***	**	***
Quality Care Health Center	****	****	***	****

The project will have a positive effect on the health care system as there is currently, and will continue to be, a large bed need in Wilson County. By developing a campus, the Pavilion Entities, including the Applicant, offer seniors the opportunity to reside in one community for the remainder of their lives as their age and medical needs advance, and the Nursing Home is a crucial component of the community.

The growth of the 65 years and older population (including, in particular, the growth in the 85 years and older population) in Wilson County makes it clear that additional beds are needed within the Service Area. As set forth in the 4th item of the Criteria and Standards "Existing Nursing Home Capacity" above, due to the fact that the Service Area (even if every bed is occupied) projects a need in 2019 for 256 beds, the Applicant's modest request for 20 additional beds should not affect the other facilities in

Wilson County. Further, the bed need continues to grow from 256 beds in 2019 to 315 in 2020 and 405 in 2022.

Currently there is no continuing care retirement community (CCRC) in Wilson County nor any affiliation between any of the three (3) assisted living facilities in the Service Area with the other skilled nursing facilities located in the Service Area. The opening of the ALF concurrently with the filing of this application and the development of independent living duplexes and cottages within the next year will generate nursing home residents from within the Pavilion Community. Accordingly, the impact on other existing providers in the Service Area should be minimal.

- C. 1) Discuss the availability of and accessibility to human resources required by the proposal, including clinical leadership and adequate professional staff, as per the State of Tennessee licensing requirements and/or requirements of accrediting agencies, such as the Joint Commission and Commission on Accreditation of Rehabilitation Facilities.
 - **RESPONSE:** The Applicant has experience in the Wilson County area. The Applicant will add both clinical and administrative staff if the project is approved. Due to the fact that the Applicant has strong relationships with local health-care focused schools and will pay wages that are inline with state medians, the Applicant does not foresee any difficulties in staffing the expanded Nursing Home.
 - Verify that the applicant has reviewed and understands all licensing and/or certification as required by the State of Tennessee and/or accrediting agencies such as the Joint Commission for medical/clinical staff. These include, without limitation, regulations concerning clinical leadership, physician supervision, quality assurance policies and programs, utilization review policies and programs, record keeping, clinical staffing requirements, and staff education.
 - <u>RESPONSE</u>: The Applicant has reviewed and understands all required licensing and/or certification requirements. The Nursing Home has policies and procedures in place governing regulations concerning all aspects of the Nursing Home's operations.
 - 3) Discuss the applicant's participation in the training of students in the areas of medicine, nursing, social work, etc. (e.g., internships, residencies, etc.).

RESPONSE:

The Applicant partners with multiple local schools to provide an environment for these students to gain real-life experiences that they have read and studied about in class. The Applicant is able to offer multiple levels of clinical training at the Nursing Home. The students gain knowledge and experience with caregiving tasks such as bathing, dressing, and feeding. They learn about medication administration, treatments, wound care, various therapies (physical, occupational, and speech), how to deal with dementia and how to love and care for people that need our assistance. The Applicant currently has partnerships with the following schools:

- Cumberland University
- Lebanon High School
- Wilson Central High School
- McGavock High School
- Tennessee College of Applied Technology

D. Identify the type of licensure and certification requirements applicable and verify the applicant has reviewed and understands them. Discuss any additional requirements, if applicable. Provide the name of the entity from which the applicant has received or will receive licensure, certification, and/or accreditation.

Licensure: Nursing Home License Number 300

Certification Type (e.g. Medicare SNF, Medicare LTAC, etc.): Medicare SNF

Accreditation (i.e., Joint Commission, CARF, etc.): N/A

1) If an existing institution, describe the current standing with any licensing, certifying, or accrediting agency. Provide a copy of the current license of the facility and accreditation designation.

<u>RESPONSE</u>: The Applicant is currently in good standing with all licensing, certifying and accrediting agencies. Please see <u>Attachment Section B - Contribution to the Orderly Development of Health Care - D-1</u> for a copy of the current Nursing Home license.

2) For existing providers, please provide a copy of the most recent statement of deficiencies/plan of correction and document that all deficiencies/findings have been corrected by providing a letter from the appropriate agency.

RESPONSE: The most recent survey results indicate that no deficiencies were cited (See **Attachment Section B - Need - A-12**).

3) Document and explain inspections within the last three survey cycles which have resulted in any of the following state, federal, or accrediting body actions: suspension of admissions, civil monetary penalties, notice of 23-day or 90-day termination proceedings from Medicare/Medicaid/TennCare, revocation/denial of accreditation, or other similar actions.

RESPONSE: The Nursing Home has had no inspection during the last three survey cycles that have resulted in any of the noted penalties or sanctions.

a) Discuss what measures the applicant has or will put in place to avoid similar findings in the future.

RESPONSE: Not applicable.

- E_e Respond to all of the following and for such occurrences, identify, explain and provide documentation:
 - 1) Has any of the following:
 - a) Any person(s) or entity with more than 5% ownership (direct or indirect) in the applicant (to include any entity in the chain of ownership for applicant);
 - b) Any entity in which any person(s) or entity with more than 5% ownership (direct or indirect) in the applicant (to include any entity in the chain of ownership for applicant) has an ownership interest of more than 5%; and/or
 - c) Any physician or other provider of health care, or administrator employed by any entity in which any person(s) or entity with more than 5% ownership in the applicant (to include any entity in the chain of ownership for applicant) has an ownership interest of more than 5%.
 - 2) Been subjected to any of the following:
 - a) Final Order or Judgment in a state licensure action;
 - b) Criminal fines in cases involving a Federal or State health care offense;
 - c) Civil monetary penalties in cases involving a Federal or State health care offense;

- d) Administrative monetary penalties in cases involving a Federal or State health care offense:
- e) Agreement to pay civil or administrative monetary penalties to the federal government or any state in cases involving claims related to the provision of health care items and services; and/or
- f) Suspension or termination of participation in Medicare or Medicaid/TennCare programs.
- g) Is presently subject of/to an investigation, regulatory action, or party in any civil or criminal action of which you are aware.
- h) Is presently subject to a corporate integrity agreement.

RESPONSE: No.

F. Outstanding Projects:

1) Complete the following chart by entering information for each applicable outstanding CON by applicant or share common ownership; and

RESPONSE: Not applicable. Neither the Applicant nor its parent have any outstanding CON projects

Outstanding Projects							
		Date	*Annual Prog	Expiration			
CON Number	Project Name	Approved	Due Date	Date Filed	Date		
1106							
		-					

^{*} Annual Progress Reports – HSDA Rules require that an Annual Progress Report (APR) be submitted each year. The APR is due annually until the Final Project Report (FPR) is submitted (FPR is due within 90 ninety days of the completion and/or implementation of the project). Brief progress status updates are requested as needed. The project remains outstanding until the FPR is received.

- 2) Provide a brief description of the current progress, and status of each applicable outstanding CON.
- G. Equipment Registry For the applicant and all entities in common ownership with the applicant.
 - 1) Do you own, lease, operate, and/or contract with a mobile vendor for a Computed Tomography scanner (CT), Linear Accelerator, Magnetic Resonance Imaging (MRI), and/or Positron Emission Tomographer (PET)? NO
 - 2) If yes, have you submitted their registration to HSDA? If you have, what was the date of submission? N/A
 - 3) If yes, have you submitted your utilization to Health Services and Development Agency? If you have, what was the date of submission? N/A

HF-0004 Revised 12/2016 - All forms prior to this time are obsolete.

RDA 1651

Please verify that the applicant will report annually using forms prescribed by the Agency concerning continued need and appropriate quality measures as determined by the Agency pertaining to the certificate of need, if approved.

RESPONSE: If approved, the Applicant will provide the Tennessee Health Services and Development Agency, and any other state agency when required, with information concerning the continued need and appropriate quality measures.

SECTION C: STATE HEALTH PLAN QUESTIONS

T.C.A. §68-11-1625 requires the Tennessee Department of Health's Division of Health Planning to develop and annually update the State Health Plan (found at http://www.tn.gov/health/topic/health-planning). The State Health Plan guides the State in the development of health care programs and policies and in the allocation of health care resources in the State, including the Certificate of Need program. The 5 Principles for Achieving Better Health are from the State Health Plan's framework and inform the Certificate of Need program and its standards and criteria.

Discuss how the proposed project will relate to the <u>5 Principles for Achieving Better Health</u> found in the State Health Plan.

A. The purpose of the State Health Plan is to improve the health of the people of Tennessee.

RESPONSE: The additional 20 beds proposed in this application satisfies this criterion. The purpose of the expansion project is to improve the health of Tennesseans by offering an additional 20 dually certified nursing beds to residents in Wilson County in order to fill an existing need. Further, development of the ALF, ILF and Nursing Home into a continuing care retirement community within the next 9-12 months will result in the only "age in place" option in Wilson County. Research shows that the continuum of care model produces better long-term outcomes as residents are able to stay in their communities.

The expansion of the Nursing Home by 20 beds, including 6 private rooms/beds will further the Applicant's ability to provide state of the art healthcare in a less institutionalized and more home-like setting. The Applicant's rank as #1 of 313 nursing homes in the state of Tennessee for a 3-survey cycle is evidence of the Applicant's commitment to the highest quality of care.

B. People in Tennessee should have access to health care and the conditions to achieve optimal health.

RESPONSE: The Applicant's proposed expansion will satisfy this criterion as well. Both the residents of the ALF (and the ILF once built and operating), as well as the other residents of Wilson County, will gain additional access to healthcare through the approval of this application. There is a need for additional nursing beds in Wilson County even before the ALF and ILF are completed. The addition of the 20 beds will allow the residents of Wilson County to have an expanded option to achieve optimal health by being able to age in place and experience a continuum of care.

The Applicant's healthcare model targets patients that are both Medicaid and Medicare qualified beneficiaries seeking long-term care and skilled nursing and rehabilitation services. Moreover, the Applicant is addressing the cultural change of placing short-term residents in private rooms, not for the increased revenue from private pay (as the projected data demonstrates, all private rooms will not be occupied by private-pay residents), but, rather, to allow Wilson County residents to stay in the area for post-acute care. Remaining close to their treating physicians will help residents in their progress.

C. Health resources in Tennessee, including health care, should be developed to address the health of people in Tennessee while encouraging economic efficiencies.

RESPONSE: The project proposed by the Applicant satisfies this criterion. The expansion of the existing Nursing Home is economically efficient as the Applicant, at the time of original construction in 2009, planned to add an additional wing of beds in a later phase. The existing large kitchen, laundry facilities and general layout of the Nursing Home allow for a great deal of efficiency upon the addition of the 20 proposed beds.

Further, as the Applicant's affiliate is scheduled to open the ALF in August of 2017, the provision of healthcare services on the continuum of care enhances the efficiencies of providing high quality care.

D. People in Tennessee should have confidence that the quality of health care is continually monitored and standards are adhered to by providers.

RESPONSE: The Applicant has demonstrated its commitment to the highest quality of care since the inception of the Nursing Home. It continually monitors care and meets the standards that Tennessee imposes on nursing homes. Through various sources, including the Medicare.gov website and the Nursing Home Compare data sets, consumers can compare and research long term care and subacute providers. The Applicant is dedicated to providing quality care to residents in the Service Area and CMS has recognized this high quality of care by awarding the Applicant's Nursing Home a 5-star rating. The Nursing Home's most recent survey was deficiency-free and AHCA and NCAL have ranked the Nursing Home 1st out of 313 facilities in Tennessee on a weighted 3-cycle survey.

E. The state should support the development, recruitment, and retention of a sufficient and quality health workforce.

RESPONSE: The Applicant satisfies this criterion as the Nursing Home is already a leading employer of a quality health workforce. The Applicant has demonstrated its commitment to working with various educational institutions to encourage the development, recruitment, and retention of a sufficient and quality health workforce, and the addition of 20 beds will enhance this commitment.

The construction of an additional wing to the Nursing Home will serve to increase jobs in the community and supports the development and opening of the ALF and ILF which will also provide additional jobs to the community. The Nursing Home will continue to pay wages and offer benefits that are in-line with the prevailing rates of other employment opportunities in the community.

PROOF OF PUBLICATION

Attach the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit from the newspaper that includes a copy of the publication as proof of the publication of the letter of intent.

NOTIFICATION REQUIREMENTS

(Applies only to Nonresidential Substitution-Based Treatment Centers for Opiate Addiction)

Note that T.C.A. §68-11-1607(c)(9)(A) states that "...Within ten (10) days of the filing of an application for a nonresidential substitution-based treatment center for opiate addiction with the agency, the applicant shall send a notice to the county mayor of the county in which the facility is proposed to be located, the state representative and senator representing the house district and senate district in which the facility is proposed to be located, and to the mayor of the municipality, if the facility is proposed to be located within the corporate boundaries of a municipality, by certified mail, return receipt requested, informing such officials that an application for a nonresidential substitution-based treatment center for opiate addiction has been filed with the agency by the applicant."

Failure to provide the notifications described above within the required statutory timeframe will result in the voiding of the CON application.

Please provide documentation of these notifications.

DEVELOPMENT SCHEDULE

T.C.A. §68-11-1609(c) provides that a Certificate of Need is valid for a period not to exceed three (3) years (for hospital projects) or two (2) years (for all other projects) from the date of its issuance and after such time shall expire; provided, that the Agency may, in granting the Certificate of Need, allow longer periods of validity for Certificates of Need for good cause shown. Subsequent to granting the Certificate of Need, the Agency may extend a Certificate of Need for a period upon application and good cause shown, accompanied by a non-refundable reasonable filing fee, as prescribed by rule. A Certificate of Need which has been extended shall expire at the end of the extended time period. The decision whether to grant such an extension is within the sole discretion of the Agency, and is not subject to review, reconsideration, or appeal.

Complete the Project Completion Forecast Chart on the next page. If the project will be completed in multiple phases, please identify the anticipated completion date for each phase.

If the response to the preceding question indicates that the applicant does not anticipate completing the project within the period of validity as defined in the preceding paragraph, please state below any request for an extended schedule and document the "good cause" for such an extension.

PROJECT COMPLETION FORECAST CHART

Assuming the Certificate of Need (CON) approval becomes the final HSDA action on the date listed in Item 1, below, indicate the number of days from the HSDA decision date to each phase of the completion forecast.

Phase	<u>Days</u> <u>Required</u>	Anticipated Date [Month/Year]
Initial HSDA decision date		December 2017
Architectural and engineering contract signed	5	December 2017
Construction documents approved by the Tennessee Department of Health	95	April 2018
Construction contract signed	100	April 2018
5. Building permit secured	110	April 2018
6. Site preparation completed	140	May 2018
7. Building construction commenced	141	May 2018
8. Construction 40% complete	225	August 2018
9. Construction 80% complete	309	November 2018
10. Construction 100% complete (approved for occupancy	351	December 2018
11. *Issuance of License	281	January 2019
12. *Issuance of Service	471	January 2019
13. Final Architectural Certification of Payment	476	January 2019
14. Final Project Report Form submitted (Form HR0055)	506	January 2019

^{*}For projects that <u>DO NOT</u> involve construction or renovation, complete Items 11 & 12 only.

NOTE: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date

I INDEX OF ATTACHMENTS

Attachment Section A-3A(6)

Attachment Section A-4A

Attachment Section A-5

Attachment Section A-6A

Attachment Section A-6B-1

Attachment Section A-6B-2

Attachment Section A-10

Attachment Section B - Need - General

Attachment Section B - Need - A-1

Attachment Section B - Need - A-12

Attachment Section B - Need - C

Attachment Section B - Need - D-1-b

Attachment Section B - Need - E-1

Attachment Section B - Economic Feasibility - A-5

Attachment Section B - Economic Feasibility - F1

Attachment Section B - Contribution to the Orderly

Development of Health Care - D-1

Proof of Publication

Project Financing letters

Corporate Documents

Copy of Management Agreement

Copy of Deed

Copy of Site's Plot Plan

Copy of Floor Plan Drawing

Change in bed allocations

Letters of Support

Need Calculation

Evidence of Quality Care

Service Area

Population Data Chart

Occupancy Rates for Service Area

Documentation Supporting

Construction Costs

Applicant's Financials

Copy of Nursing Home License

Attachment Section A-3A(5)

Project Financing Letters



An affiliate of Pinnacle Bank 150 3rd Avo S. Suite 700 Nashville, TN 37201 Phone (615) 743-8408

RAYMOND JAMES

FINANCIAL SERVICES, INC.
Member FINRA/SIPC

Michelle Highsmith

Pinnacle Asset Management Group Registered Sales Assistant

Mr. Harold G. Bone P.O. Box 1194 Lebanon, TN 37088

Dear Mr. Bone,

Regarding your request for verify the ability to borrow up to \$1 million, please accept this letter as verification that as of June 8, 2017 your Raymond James brokerage account margin account xxxx5978 has the borrowing power of \$1,475,657.00.

I can be contacted at 615.743.8408 with any questions.

Many Thanks,

Michelle Highsmith

Micheller





July 12, 2017

Melanie M. Hill, Executive Director Tennessee Health Services and Development Agency 502 Deaderick Street Andrew Jackson Bidg., 9th Floor Nashville, TN 37243

Dear Ms. Hill,

Pavilion-THS, LLC anticipates spending \$1,096,755 to construct an additional wing to The Pavilion Senior Living – Rehabilitation and Long Term Care at Lebanon located at 1406 Medical Center Drive, Lebanon, Tennessee. It will consist of adding 13 rooms as well as a shared living area.

Pavillon-THS, LLC plans to use \$200,000 of cash currently on hand toward this construction. The remainder of the project costs will be loaned to Pavillon-THS, LLC by Hal Bone, who holds an ownership interest in Total Healthcare Systems, LLC, the sole owner of Pavillon-THS, LLC. Raymond James Financial Services, Inc., where Mr. Bone has his brokerage account, has confirmed by its letter attached hereto that, as of June 8, 2017, Mr. Bone's account can support a loan of over \$1.47M. Raymond James has thus confirmed that Mr. Bone can borrow \$1M from his brokerage account.

Please call me at 615-453-9912 with any questions you may have.

Sincerely,

Benita Woodard

Director of Finance and Administration for Pavilion-THS, LLC



July 12, 2017

Melanie M. Hill, Executive Director Tennessee Health Services and Development Agency 502 Deaderick Street Andrew Jackson Bidg., 9th Floor Nashville, TN 37243

Dear Ms. Hill,

I am writing this letter in connection with Pavilion-THS, LLC's Certificate of Need Application to construct an additional wing to The Pavilion Senior Living — Rehabilitation and Long Term Care at Lebanon located at 1406 Medical Center Drive, Lebanon, Tennessee. I hold a membership interest in Total Healthcare Systems, LLC, the sole owner of Pavilion-THS, LLC, as shown by the CON Application.

Pursuant to the letter from Pinnacle Asset Management and Raymond James Financial Services, Inc. provided with the application, I have the ability to borrow more than \$1M from my brokerage account. I am committed to loaning to Pavilion-THS, LLC the portion of the project costs not covered by Pavilion-THS, LLC's own cash reserves. Our estimate of that amount to be loaned is approximately \$1M.

Please call me at 615-453-9912 with any questions you may have.

Sincerely,

Hal Bone

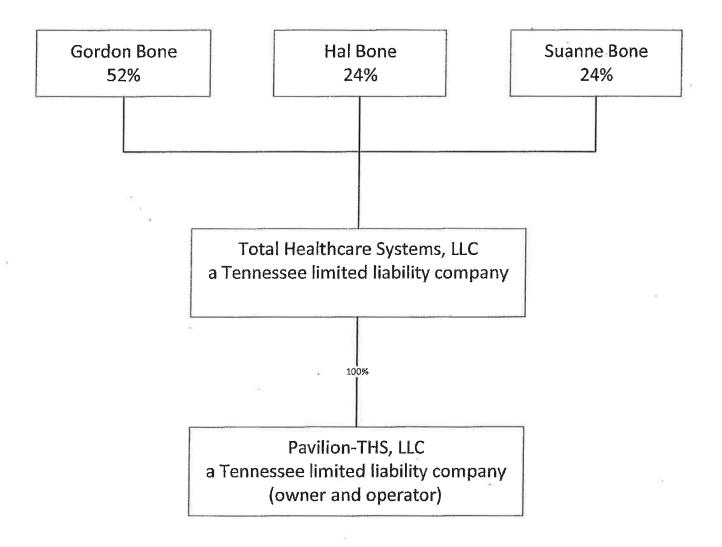
Member of Total Healthcare Systems, LLC, the sole owner of Pavillon-THS, LLC

Attachment Section A-4A

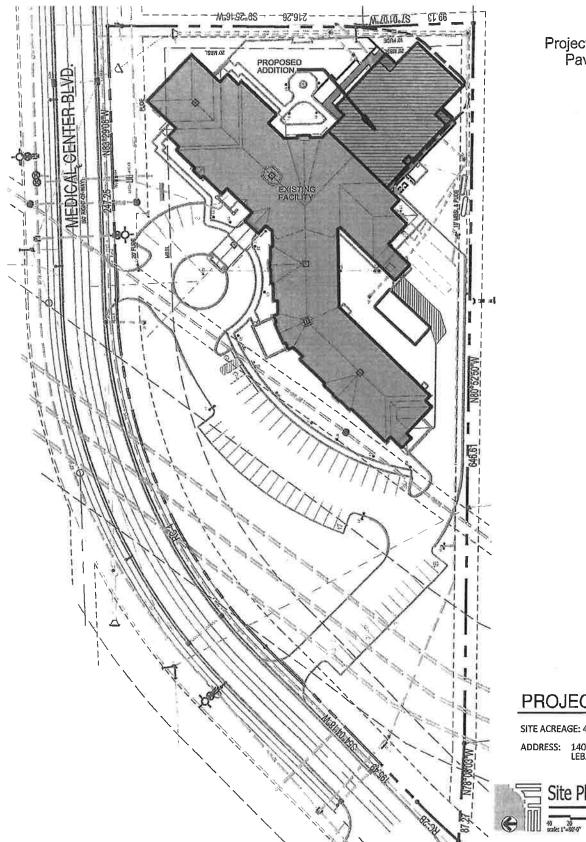
Corporate Documentation for Pavilion-THS, LLC, the Applicant
Corporate Documentation for Total Healthcare Systems, LLC, the sole member of
the Applicant
Organizational Chart for Pavilion Assisted Living, LLC

PAVILION-THS, LLC

The Pavilion Senior Living Rehabilitation & Long Term Care Center



Attachment Section A-6B-1 (a-d) Plot Plan

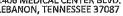


Attachment A, Project Description-IV(A)
Pavilion Senior Living
(Site Plot Plan)

PROJECT DATA

SITE ACREAGE: 4.13 ACRES

ADDRESS: 1406 MEDICAL CENTER BLVD, LEBANON, TENNESSEE 37087





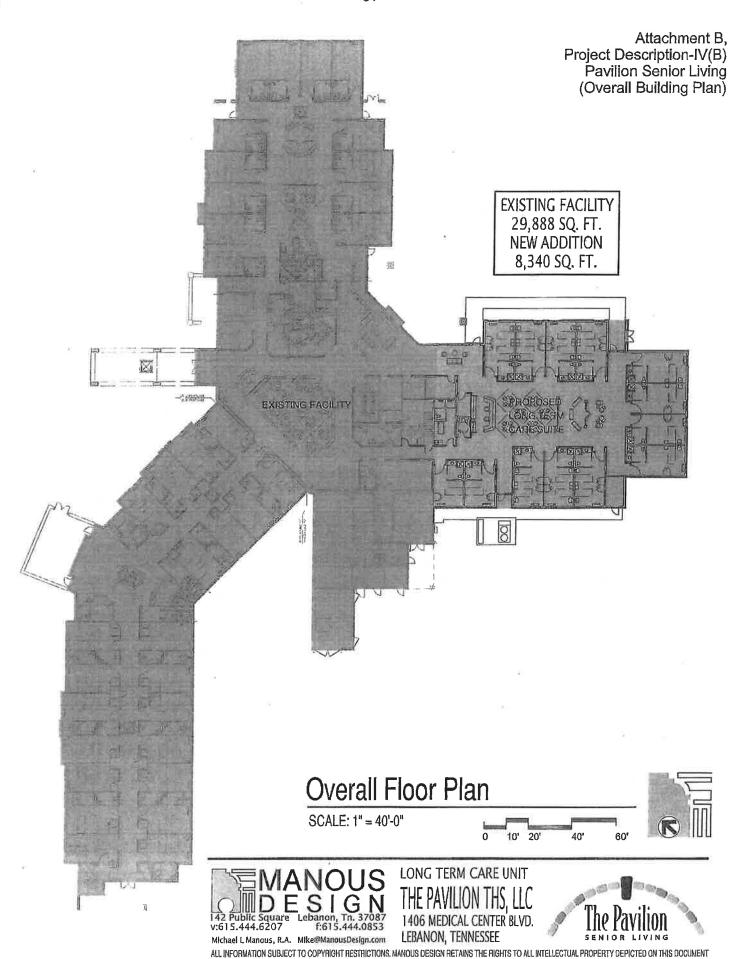


LONG TERM CARE UNIT THE PAVILION THS, LLC 1406 MEDICAL CENTER BLVD. LEBANON, TENNESSEE

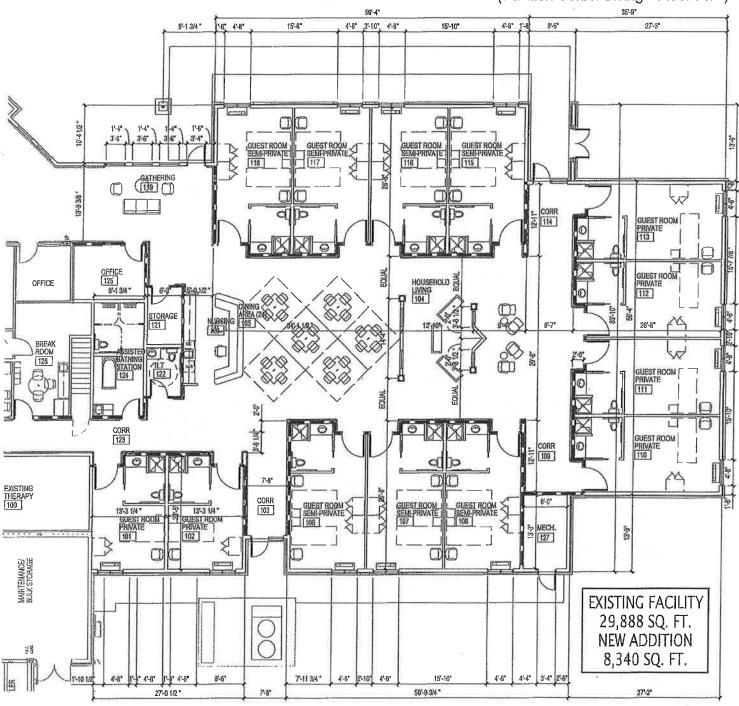


Attachment Section A-6B-2

Floor Plan



Attachment C, Project Description-IV(C) (Pavilion Senior Living - Floor Plan)



Floor Plan

SCALE: 1/16" = 1'-0"







THE PAVILION THS, LLC 1406 MEDICAL CENTER BLVD. LEBANON, TENNESSEE



Attachment Section A-6B-3 Accessibility

Attachment Section A-6B-3

Accessibility

Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients.

RESPONSE:

There is no public mass transportation in Lebanon. The Nursing Home is approximately 2.5 miles from the station for the Nashville Star commuter rail line. The Nursing Home is easily accessible by car, located approximately 3.8 miles from US Interstate 40 and off Baddour Parkway, a bypass road from Highway 70. The Nursing Home is less than .5 mile from Tennova Healthcare Center, the area hospital.

Attachment Section A-10

Attachment Section A-10

Describe the reasons for change in bed allocations and describe the impact the bed change will have on the applicant facility's existing services

The Applicant intends to add twenty (20) dually certified Medicare and Medicaid beds as a result of the proposed project. The additional beds are required to ensure the Applicant's ability to continue to meet the needs of the residents of Wilson County. The Nursing Home currently maintains near capacity occupancy.

The new assisted living and memory care facility (the "ALF") located just steps from the Nursing Home opening in August of 2017 and the independent living community ("ILF") opening in Summer 2018 will both be located just steps from the Nursing Home and will increase the bed need of the Nursing Home. The Applicant and the other Pavilion Entities want to assure residents of the ALF and ILF that they will be able to age in place.

Further, any ALF (and later, ILF) resident needing short-term post-acute (such as for a hip replacement) care will be more comfortable on the same campus as their permanent home and spouse and friends. The ability for ALF (and later, ILF) residents to access the Nursing Home in periods of post-acute care will ensure residents experience the least disruption in care.

The Applicant currently provides much needed health care services to its community and the development of a campus containing assisted living and memory care services and independent living will further benefit residents and future residents of the area. A campus offering residents the entire residential continuum -- from independent housing to assisted living to round-the-clock nursing services -- will be the first one of its kind in Wilson County.

The comprehensive continuum of services that will be offered on the campus will allow individuals to "age in place" in a community that they have chosen to call home. A comprehensive development concept avoids the relocation of individuals from their friends, spouses and greater community when they require additional healthcare services or care in residential health facility.

Residents of the ALF or ILF requiring sub-acute, short-term care following surgery can utilize the Nursing Home which will not only ensure the best continuity of care, but also the feel that they are still "at home" and close to spouses and other loved ones.

Attachment Section B Need - General

Letters of Support

MARK PODY
STATE REPRESENTATIVE
46TH LEGISLATIVE DISTRICT
CANNON, DEKALB AND WILSON
COUNTIES

203 WAR MEMORIAL BUILDING NASHVILLE, TENNESSEE 37243-0146 (615) 741-7086 TOLL FREE: 1-800-449-8366 EXT. 1-7086 FAX (615) 253-0206

E-MAIL: rep.mark.pody@capitol.tn.gov

House of Representatives State of Tennessee

NASHVILLE

DISTRICT OFFICE: 113 South Cumberland Street LEBANON, TENNESSEE 37087

Vice Chairman Consumer & Human Resources Committee

Member of Committee Insurance & Banking

Consumer & Human Resources Sub

June 5, 2017

Health Services & Development Agency 500 Deaderick Street, Suite 850 Nashville, TN 37243

Dear Members of Health Services & Development Agency,

As State Representative of District 46 and a resident of Lebanon, I am writing this letter of support for the Pavilion-THS,LLC CON application requesting 20 additional dually certified beds. The Pavilion continues to provide compassionate care for the residents of Wilson county needing skilled nursing services in our community. We owe it to our residents to be able to provide them a place to age in place at the standard they deserve.

One of my concerns has been the difficult task of my constituents from Wilson County to be admitted at The Pavilion for skilled nursing services due to their beds being full. There have been several constituents, their families request The Pavilion for skilled nursing, and when the time comes for admission, they have been denied due to no beds being available. The need for more beds in our community is imperative to keep our family and friends local and to give the care they want and deserve in our own community.

I support this CON request because we need more beds in Lebanon, Tennessee to meet the needs of our local residents. They truly are Senior Living You Can Trust. Please let me know if you have any questions.

Sincerely,

Mark A. Pody State Representative

MAP:ds



Bernie Ash *Mayor*

CITY OF LEBANON

Office of the Mayor

200 North Castle Heights Avenue Lebanon, TN 37087 bernie.ash@lebanontn.org 615-443-2839

Debbie Jessen Mayoral Assistant

June 1, 2017

Letter of Support:

State of Tennessee Department of Health & Development For the Expansion of The Pavilion Senior Living, 1409 Medical Center Drive, Lebanon, TN

The City of Lebanon is fortunate to have an outstanding senior living facility, The Pavilion. I would ask that you consider The Pavilion's petition to expand.

The number of elderly and disabled Americans is dramatically increasing. The high demand for a quality living facility for our seniors has outgrown the available beds at The Pavilion. We are in need of adding more beds immediately. This inviting and well-run facility currently turns away residents to their second choice of skilled nursing facilities or even to other counties' facilities daily. The Pavilion plans to add more rooms, both private and semi-private. These rooms will serve two purposes, the rehabilitation needs of the residents of our community and the long-term care needs of our local residents.

The Pavilion offers a quality environment with service that fosters choice, dignity and independence. The support provided by the caring staff goes beyond physical care and healing to enrich the lives of the residents.

I would ask that you grant the request for The Pavilion's expansion. Please contact me if I can be of assistance in making this expansion a reality.

Sincerely,

Bernie Ash Mayor

BA/daj

MAE BEAVERS STATE SENATOR

17TH SENATORIAL DISTRICT CANNON, CLAY, DEKALB, MACON, SMITH, AND WILSON COUNTIES

LEGISLATIVE OFFICE

SUITE 6, LEGISLATIVE PLAZA NASHVILLE, TN 37243-0223 PHONE: (615) 741-2421 FAX: (615) 253-0205



COMMITTEES

GOVERNMENT OPERATIONS COMMITTEE SENATE TRANSPORTATION & SAFETY COMMITTEE

EMAIL

sen.mae.beavers@capitol.tn.gov

Senate Chamber State of Tennessee Nachoille

May 31, 2017

Health Services & Development Agency 500 Deaderick Street, Suite 850 Nashville, TN 37243

Dear Members of Health Services & Development Agency,

I am writing this letter of support for the Pavilion-THS, LLC CON application requesting 20 additional dually certified beds. The Pavilion continues to provide compassionate care for the residents of Wilson county needing skilled nursing services in our community. We owe it to our residents to be able to provide them a place to age in place at the standard they deserve.

One of my concerns has been the difficult task of my constituents from Wilson County to be admitted at The Pavilion for skilled nursing services due to their beds being full.

There have been several constituents, their families request The Pavilion for skilled nursing, and when the time comes for admission, they have been denied due to no beds being available. The need for more beds in our community is imperative to keep our family and friends local and to give the care they want and deserve in our own community.

I support this CON request because we need more beds in Lebanon, Tennessee to meet the needs of our local residents. They truly are Senior Living You Can Trust.

Sincerely,

Mae Beavers State Senator

Deavers.

Susan Lynn
STATE REPRESENTATIVE
57TM LEGISLATIVE DISTRICT
Committees:
Ethics
Joint Fiscal Review
Finance, Ways, and Means
Consumer and Human Resources
Consumer and Human Resources
Subcommittee Chair

House of Representatives State of Tennessee

104 WAR MEMORIAL BUILDING 301 8th Ave North NASHVILLE, TENNESSEE 37243-0105 (615) 741-7462 FAX: (615) 253-0353 E-MAIL: rep.susri.lynn@capitol.tn.gov

NASHVILLE

June 2, 2017

Health Services & Development Agency 500 Deaderick Street, Suite 850 Nashville, TN 37243

Dear Members of Health Services & Development Agency,

I am writing this letter of support for the Pavilion-THS,LLC CON application requesting 20 additional dually certified beds. The Pavilion continues to provide compassionate care for the residents of Wilson county needing skilled nursing services in our community. We owe it to our residents to be able to provide them a place to age in place at the standard they deserve.

One of my concerns has been the difficult task of my constituents from Wilson County to be admitted at The Pavilion for skilled nursing services due to their beds being full.

There have been several constituents, their families request The Pavilion for skilled nursing, and when the time comes for admission, they have been denied due to no beds being available. The need for more beds in our community is imperative to keep our family and friends local and to give the care they want and deserve in our own community.

I support this CON request because we need more beds in Lebanon, Tennessee to meet the needs of our local residents. They truly are Senior Living You Can Trust.

Sincerely,

Susan Lynn

State Representative District 57



MICHAEL F. NESBITT

Smith County Mayor

122 Turner High Circle • Carthage, TN 37030

Phone: 615-735-2294 Fax: 615-735-8240



June 2, 2017

Health Services & Development Agency 500 Deaderick Street, Suite 850 Nashville, TN 37243

Dear Members of Health Services & Development Agency,

I am writing this letter of support for the Pavilion-THS,LLC CON application requesting 20 additional dually certified beds. The Pavilion continues to provide compassionate care for the residents of Wilson and Smith counties needing skilled nursing services in our community. We owe it to our residents to be able to provide them a place to age in place at the standard they deserve.

One of my concerns has been the difficult task of my constituents from Smith County to be admitted at The Pavilion for skilled nursing services due to their beds being full.

There have been several constituents, their families request The Pavillon for skilled nursing, and when the time comes for admission, they have been denied due to no beds being available. The need for more beds in our community is imperative to keep our family and friends local and to give the care they want and deserve in our own community.

I support this CON request because we need more beds in Middle Tennessee to meet the needs of our local residents. They truly are Senior Living You Can Trust.

Sincerely;

Michael F Nesbitt Smith County Mayor

Michael 2. Nastritt



RANDALL HUTTO County Mayor

WILSON COUNTY GOVERNMENT

May 31, 2017

Flealth Services & Development Agency 500 Deaderick Street, Suite 850 Nashville, TN 37243

Dear Members of Health Services & Development Agency,

I am writing this letter of support for the Pavilion-THS,LLC CON application requesting 20 additional dually certified beds. The Pavilion provides excellent, compassionate care for the residents of Wilson County who are in need of skilled nursing services. We owe it to our residents to provide the opportunity to age in the facility of their choice.

As Wilson County Mayor, one of my concerns is ensuring that citizens of all ages and backgrounds have access to housing and medical care. This includes the seniors in our community as well. One of the obstacles my constituents face is getting admitted to a local facility. This is due to the lack of available beds.

There have been several constituents face denial at time of admission due to the lack of available beds. The need for more beds in our community is imperative to keep our family and friends local and to give each resident the care they deserve in our own community.

I support this CON request because we need more beds in Lebanon, Tennessee to meet the needs of our local residents.

Sincerely,

Randall Hutto

Wilson County Mayor

Andrew Farmer

STATE REPRESENTATIVE

17th LEGISLATIVE DISTRICT

PART OF JEFFERSON AND SEVIER COUNTIES



301.6th Avenue North Nashville, TN 37243 (615) 741-4419

House of Representatives

State of Tennessee

NASHVILLE

June 7, 2017

Health Services & Development Agency 500 Deaderick Street, Suite 850 Nashville, TN 37243

Dear Members of Health Services & Development Agency,

I am writing this letter of support for the Pavilion-THS, LLC CON application requesting 20 additional dually certified beds. The Pavilion continues to provide compassionate care for the residents of Wilson county needing skilled nursing services in our community. We owe it to our residents to be able to provide them a place to age in place at the standard they deserve.

One of my concerns has been the difficult task of citizens from Wilson County to be admitted at The Pavilion for skilled nursing services due to their beds being full.

There have been several constituents, their families request The Pavillon for skilled nursing, and when the time comes for admission, they have been denied due to no beds being available. The need for more beds in our community is imperative to keep our family and friends local and to give the care they want and deserve in our own community.

I support this CON request because they need more beds in Lebanon, Tennessee to meet the needs of local residents. They truly are Senior Living You Can Trust.

Sincerely,

Andrew E. Farmer State Representative



1 Cumberland Square Lebanon, Tennessee 37087 615,444.2562 Toll Free: 1.800,467,0562 Fax: 615,444,2569 www.cumberland.edu

June 1, 2017

Health Services & Development Agency 500 Deaderick Street, Suite 850 Nashville, TN 37243

Dear Members of Health Services & Development Agency,

I am writing this letter of support for the Pavillon-THS, LLC CON application requesting 20 additional dually certified beds. The Pavillon continues to provide compassionate care for our residents needing skilled nursing services in our community.

The Pavillon has been a great partner in healthcare with our school. The employees from leadership to front-line staff have continued to support our mission to teach the caregivers of tomorrow the skills they need in healthcare.

Residents of The Pavilion share with our students how they love this facility and the staff. They are open to our students and special bonds are made between the residents and our students.

I support this CON request because they need more beds in this facility to meet the needs of our local residents. We owe it to our residents to be able to provide them a place for them to age in place in this community at the standard they deserve. They truly are Senior Living You Can Trust.

Sincerely,

Maggie Keil MSN, RN

Assistant Professor of Nursing

Director of Skills Labs

Cumberland University

Lebanon High School M. Scott Walters

Executive Principal



500 Blue Devii Boulevard Lebanon TN 37087 Tel: (615) 444-9610

Fax: (615) 443-1373

June 2, 2017

Health Services & Development Agency 500 Deaderick Street, Suite 850 Nashville, TN 37243

Dear Members of Health Services & Development Agency,

I am writing this letter of support for the Pavilion-THS, LLC CON application requesting 20 additional dually certified beds. The Pavilion continues to provide compassionate care for our residents needing skilled nursing services in our community.

The Pavilion has been a great partner in healthcare with our school. The employees from leadership to front-line staff have continued to support our mission to teach the caregivers of tomorrow the skills they need in healthcare.

Residents of The Pavilion share with our students how they love this facility and the staff. They are open to our students and special bonds are made between the residents and our students.

I support this CON request because they need more beds in this facility to meet the needs of our local residents. We owe it to our residents to be able to provide them a place for them to age in place in this community at the standard they deserve. They truly are Senior Living You Can Trust.

Sincerely,

Sarah Warde RN MSN

Health Science Instructor/HOSA Advisor

Lebanon High School

500 Blue Devil Blvd

Lebanon, TN 37087

615-444-9610

wardes@wcschools.com



Wilson Central High School

419 Wildcat Way, Lebanon, TN 37090 (615)453-4600 (615)453-4610 (Fax)

Principal:
Travis Mayfield
Assistant Principals:
Chip Bevis
Jason Franklin
Missi Oakley
Kevin Dawson

Health Services & Development Agency 500 Deaderick Street, Suite 850 Nashville, TN 37243

Dear Members of Health Services & Development Agency,

I am writing this letter of support for the Pavilion-THS, LLC CON application requesting 20 additional dually certified beds. The Pavilion continues to provide compassionate care for our residents needing skilled nursing services in our community.

The Pavilion has been a great partner in healthcare with our school. The employees from leadership to front-line staff have continued to support our mission to teach the caregivers of tomorrow the skills they need in healthcare. The Pavilion is always our first choice when placing students because of their great care reputation and professionalism.

Residents of The Pavilion share with our students how they love this facility and the staff. They are open to our students and special bonds are made between the residents and our students.

I support this CON request because they need more beds in this facility to meet the needs of our local residents. We owe it to our residents to be able to provide them a place for them to age in place in this community at the standard they deserve. They truly are Senior Living You Can Trust.

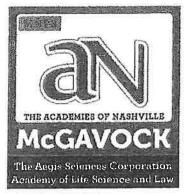
Sincerely,

Sherry Vaught, ATC

Health Science Instructor

Wilson Central High School

Sherry Vaught



MY FUTURE. MY WAY.

Community Partnerships

June 1, 2017

Health Services & Development Agency 500 Deaderick Street, Suite 850 Nashville, TN 37243

Dear Members of Health Services & Development Agency,

I am writing this letter of support for the Pavilion-THS, LLC CON application requesting 20 additional dually certified beds. The Pavilion continues to provide compassionate care for our residents needing skilled nursing services in our community.

The Pavilion has been a great partner in healthcare with our school. The employees from leadership to front-line staff have continued to support our mission to teach the caregivers of tomorrow the skills they need in healthcare.

Residents of The Pavilion share with our students how they love this facility and the staff. They are open to our students and special bonds are made between the residents and our students.

I support this CON request because they need more beds in this facility to meet the needs of our local residents. We owe it to our residents to be able to provide them a place for them to age in place in this community at the standard they deserve. They truly are Senior Living You Can Trust.

Sincerely,

Shannon Crawford
Academy Principal

716 McMurry Boulevard, Hartsville, TN 37074 Phone (615) 374-2147 FAX (615) 374-2149 http://www.tcathartsville.edu

June 13, 2017

Health Services & Development Agency 500 Deaderick Street, Suite 850 Nashville, TN 37243

Dear Members of Health Services & Development Agency,

I am writing this letter of support for the Pavilion-THS, LLC CON application requesting 20 additional dually certified beds. The Pavilion continues to provide compassionate care for our residents needing skilled nursing services in our community.

The Pavilion has been a great partner in healthcare with our school. The employees from leadership to front-line staff have continued to support our mission to teach the caregivers of tomorrow the skills they need in healthcare.

Residents of The Pavilion share with our students how they love this facility and the staff. They are open to our students and special bonds are made between the residents and our students.

I support this CON request because they need more beds in this facility to meet the needs of our local residents. We owe it to our residents to be able to provide them a place for them to age in place in this community at the standard they deserve. They truly are Senior Living You Can Trust.

Sincerely,

Lou Ann Hall BSN, RN

Tennessee College of Applied Technology Hartsville Health Sciences Education Coordinator



100 Physicians Way, Sulte 204 • Lebanon, TN 37087 Phone: 615.453.2532 • Fax: 615.547.7480 amediays.com

Amedisys Home Health Care

June 5, 2017

Health Services & Development Agency 500 Deaderick Street, Suite 850 Nashville, TN 37243

Dear Members of Health Services & Development Agency,

I am writing this letter of support for the Pavilion-THS,LLC. CON application requesting 20 additional dually certified beds. The Pavilion continues to provide compassionate care for the residents of Wilson county needing skilled nursing services in our community.

The Pavilion is an asset to our community. The care, compassion and top-notch home like environment is second to none. They offer a place for our seniors to age in place in their own community, surrounded by loved one they know and a place they call home. I support their request so they can serve more seniors in Wilson County.

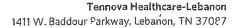
I support this CON request because we need to be able to serve more residents in our own county. They truly are Senior Living You Can Trust.

Christia Bradhaw Williams Prod

Christina Williams, RN Director of Operations

Amedisys Home Health of Lebanon







June 27, 2017

Health Services & Development Agency 500 Deaderick Street, Suite 850 Nashville, TN 37243

Dear Members of Health Services & Development Agency,

I am writing this letter of support for the Pavillon-THS CON, LLC application requesting 20 additional dually certified beds. The Pavillon continues to provide compassionate care for our patients needing skilled nursing services.

My only concern has been the difficult task of placing my patients at The Pavillon for skilled nursing services due to their beds being full.

I have had several patients, and/or their families request The Pavilion for skilled nursing services. When the time comes for admission, they have been denied due to no beds being available. The need for more beds in our community is imperative to keep our patients local and to give the care they want and deserve in our own community.

I support this CON request because we need more beds in Lebanon, Tennessee to meet the needs of our local residents.

Sincerely,

Teresa Shelton

Director Case Management Tennova Healthcare Lebanon

Zeresa S'Letter

615-453-4491



Friday, June 2, 2017

Health Services & Development Agency 500 Deaderick Street, Suite 850 Nashville, TN 37243

Dear Members of Health Services & Development Agency,

I am writing this letter of support for the Pavillon-THS,LLC. CON application requesting 20 additional dually certified beds. The Pavillon continues to provide compassionate care for the residents of Wilson county needing skilled nursing services in our community.

The Pavilion is an asset to our community. The care, compassion and top-notch home like environment is second to none. They offer a place for our seniors to age in place in their own community, surrounded by loved one they know and a place they call home. Their outstanding reputation proves that there is a need for more beds in their facility.

Through the years, we have had residents try to get into The Pavilion but could not because they had no availability. Therefore, I support this CON request because we need to be able to serve more residents in our own county. They truly are Senior Living You Can Trust.

Sincerely,

Pam Barton
Marketing Director of Rutland Place Senior Living
435 NW Rutland Road, Mt. Juliet, TN 37122

ROBERT J. JANTZ, M.D. KRISTIN E SORCE, PA-C

FAMILY PRACTICE

Phone (615) 449-2472 FAX (615) 449-4709

706 Cadet Court Lebanon, Tennessee 37087

Thursday, June 01, 2017

Health Services & Development Agency 500 Deaderick Street, Suite 850 Nashville, TN 37243

Dear Members of Health Services & Development Agency,

I am writing this letter of support for the Pavilion-THS CON, LLC application requesting 20 additional dually certified beds. The Pavilion continues to provide compassionate care for our patients needing skilled nursing services.

My only concern has been the difficult task of placing my patients at The Pavilion for skilled nursing services due to their beds being full.

I have had several patients, and/or their families request The Pavilion for skilled nursing services. When the time comes for admission, they have been denied due to no beds being available. The need for more beds in our community is imperative to keep our patients local and to give the care they want and deserve in our own community.

I support this CON request because we need more beds in Lebanon, Tennessee to meet the needs of our local residents.

Sincerely,

Robert J. Jantz, M.D.

Wayne O. Wells, M.D.

TO A STATE OF THE STATE OF THE

May 31, 2017

State of Tennessee Health Services & Development Agency 500 Deadcrick Street, Suite 850 Nashville, TN 37243

RE: Pavilion-THS CON, LLC application for 20 additional dually certified beds

Zatella ma

My letter of support for additional beds for The Pavilion is as a result of the quality of care provided by this facility. The Pavilion has since its opening and continues to provide compassionate care for my patients needing skilled nursing services. The facility is limited in being able to provide this care to all my patients who need their care because they are continually full when a bed is requested. I have patients, and/or their families request The Pavilion for skilled nursing services frequently upon hospital discharge. When the time comes for admission, they have been denied due to lack of beds.

The need for more beds in our community is imperative to keep our patients local and to give the advanced care offered by the Pavilion and it's staff. The quality of care provided by the Pavilion helps to prevent costly hospital readmissions and enables the patient to return home following their treatment.

I support this CON request unreservedly because of the need for more beds in a quality facility in Lebanon, Tennessee to meet the needs of our local residents.

Sincerely,

Wayne O. Wells, M.D.

Family Medical P.C. 1407 Baddour Parkway, Lebanon, TN 37087 615-444-6203 / fax 615-444-6252

Roger E. McKinney, M.D. George W. Robertson, M.D. George W. (Bill) Robertson, M.D. Samuel Criticher, M.D. Bernard Sy, M.D. John Fisk, M.D.

June 6, 2017

Re: Pavilion

To Whom It May Concern:

I am writing this letter on behalf of the support of the Pavilion and their requesting application for additional duly certified beds for the State of Tennessee to provide skilled services. The Pavilion continues to provide excellent care for our patient in and around the Wilson County and surrounding county areas needing skilled nursing services.

The primary consideration is that it has been a difficult task of placing patients at The Pavilion for skilled services due to their high no vacancy rate and being full at most times. I have had several patients in the past and recently requesting Pavilion for skilled services and when time comes for their admission consideration they have been denied due to a lack of beds being available. Having additional beds in the community is important to keep our patients local and continue to give them the care they want and deserve in our own community.

I support this certificate of necessity because we could utilize additional beds here in Wilson County and especially in Lebanon, TN to further meet the needs of our local residents.

Sincerely,

Bill Robertson, M.D.

BR/cdl



Care Services Management, LLC 237 West Northfield Blvd. Murfreesboro, TN 37129 (615) 796-5607

June 6, 2017

Health Services & Development Agency 500 Deaderick Street, Suite 850 Nashville, TN 37243

Dear Members of Health Services & Development Agency,

I am writing this letter of support for the Pavilion-THS CON, LLC application requesting 20 additional dually certified beds. The Pavilion continues to provide compassionate care for our patients needing skilled nursing services.

My only concern has been the difficult task of placing my patients at The Pavilion for skilled nursing services due to their beds being full.

I have had several patients, and/or their families request The Pavilion for skilled nursing services. When the time comes for admission, they have been denied due to no beds being available. The need for more beds in our community is imperative to keep our patients local and to give the care they want and deserve in our own community.

I support this CON request because we need more beds in Lebanon, Tennessee to meet the needs of our local residents.

Sincerely,

Mark Napper CEO

LEBANON SENIOR CITIZENS CENTER

670 Coles Ferry Pike, Lebanon, TN 37087 (615)449-4600

Teresa Botts Assistant Director

"WE CARE"

May 30, 2017

Health Services & Development Agency 500 Deaderick Street, Suite 850 Nashville, TN 37243

Dear Members of Health Services & Development Agency,

This letter is in support of The Pavilion-THS, LLC. Con application requesting 20 additional dually certified beds. Many of our members at the Lebanon Senior Citizens Center and the Senior Citizens in our community have benefitted from the care given at The Pavilion in their rehabilitation services and their long term care services.

The Pavilion continues to be an asset to our community with the excellent care that is provided. I support their request so that they can serve more Seniors in 'Wilson County without having to turn them away to other counties. The Pavilion is a strong support in our community for trustworthy senior care.

Sincerely,

Teresa Botts

Assistant Director



SENIOR CITIZENS AWARENESS NETWORK OF WILSON COUNTY, INC. 105 East High Street • Ledanon, TN 37087

June 9th, 2017

Health Services & Development Agency 500 Deaderick Street, Suite 850 Nashville, TN 37243

Dear Members of Health Services & Development Agency,

I am writing this letter of support for the Pavilion-THS,LLC. CON application requesting 20 additional dually certified beds. The Pavilion continues to provide compassionate care for the residents of Wilson county needing skilled nursing services in our community.

The Pavilion is an asset to our community. The care, compassion and top-notch home like environment is second to none. They offer a place for our seniors to age in place in their own community, surrounded by loved one they know and a place they call home. I support their request so they can serve more seniors in Wilson County.

I support this CON request because we need to be able to serve more residents in our own county. They truly are Senior Living You Can Trust.

Sincerely,

Debbie Pare'

Director

Wilson County Sheriff's Office

W. Pari

Senior Citizens Awareness Network of Wilson County Inc.



June 1, 2017

Health Services & Development Agency 500 Deaderick Street, Suite 850 Nashville, TN 37243

Dear Members of Health Services & Development Agency,

I am writing this letter of support for the Pavilion-THS,LLC. CON application requesting 20 additional dually certified beds. The Pavilion continues to provide compassionate care for the residents of Wilson county needing skilled nursing services in our community.

As a lifelong resident and business owner in Wilson County, I have had many friends and family members that have benefited from their stay at the Pavillon. The Pavillon's staff is compassionate and the level of care creates a top-notch home like environment. They offer a place for our seniors to age in place in our community, surrounded by loved ones they know and a place they call home.

I support this CON request because we need to be able to serve more residents in our own county. They truly are Senior Living You Can Trust.

Sincerely,

Susie James, Owner/Gen. Manager WANT FM 98.9 & WCOR AM 1490



Doretha Wright 1600 E. Blairmont Drive Lebanon, TN 37087 (615)444-8453 wrightdg@charter.net

June 2, 2017

Health Services Development Agency Andrew Jackson Building Suite 850 500 Deadrick Street Nashville, TN 37243

Dear Members of Health Services & Development Agency:

I am writing to you in regard to the possible expansion (20 dually certified beds) for The Pavilion-THS, LLC CON in Lebanon, Tennessee. As I have learned, skilled care facilities like The Pavilion are in great demand and can prove challenging to access. The potential this expansion has for providing skilled care for elderly and handicapped individuals in Wilson County and our state is critical.

For the past several years, I faced the challenge of providing care for my elderly mother who was legally blind, in declining health, and residing 100 miles away. As an only child, working full-time teaching, I did my best to keep both of us healthy and happy. Mother was hospitalized multiple times and required skilled care five times during this period. I investigated the possibility of placement for her at The Pavilion and found a dynamic facility with an extended waiting list. We were both disappointed.

Sadly, Mother passed away this past January at the age of 98. For the last four years, she resided in a skilled care facility where she received outstanding care. Though I faced a two- hour drive in each direction to visit and see to her needs, I am grateful for this special passage in our lives. On the other hand, had she been a resident at The Pavilion, she would be five minutes away in a caring and state-of-the-art facility where I could have visited her daily. For this reason, and for others facing similar situations, I enthusiastically encourage support for the application requesting additional skilled beds at The Pavilion in Lebanon.

Sincerely,

Doretha Wright

Lebanon Special School District—Retired Teacher

Doretha Wright

Connie P. Hamilton 1721 Orchard Drive Lebanon, TN 37087

June 5, 2017

Health Services Development Agency Andrew Jackson Bullding Suite 850 500 Deadrick Street Nashville, TN 37243

Dear Members of Health Services & Development Agency:

The purpose of this letter is to express my support of your consideration for the Pavilion-THC, LLC CON application in pursuant of an additional 20 dually certified beds. It is my opinion that approval of this expansion, at The Pavilion, would have a great impact on the lives of local folks who need, desire and deserve residence at The Pavilion.

As a University of Tennessee Agricultural Extension Agent-- Adult Home Economics, my job assignment centered around working with women in Wilson County—many of them elderly. Although now retired, I remain in contact with several them. One issue that I hear from them is in regard to their desire or that of a family member to become a resident at The Pavilion. What they say is this, "We have lived in Lebanon all our lives and are unable to get placement at The Pavilion. We want to go there, but the waiting list is very long and physician referrals take precedence over our wish/need to acquire private pay residence". In addition, I served as the caregiver of my 92 year-old aunt and personally experienced the challenge of acquiring residency for her in a safe and caring skilled care facility such as The Pavilion.

Studies indicate that the rising demand for skilled care is projected to more than double within the next few years. For that reason and those stated above, I ask that you please consider this requested 20- bed expansion. I appreciate the opportunity to share my thoughts on the proposed expansion at The Pavilion and strongly encourage your approval.

Sincerely,

Connie P. Hamilton

UT Agricultural Extension Service-- Retired

Attachment Section B Need - A-1

Need Calculation

Need Calculation

Wilson County	2018	2018	2019	2019	2020	2020	2021	2021	2022	2022
Age - Formula/Year	Pop	Need								
0-64 (x.0004)	111,752	44.7	112,976	45.2	114,150	45.6	115,241	46.1	116,373	46.5
65-74 (x .01)	13,793	137.9	14,391	143.9	15,076	150.7	15,838	158.3	16,260	162.6
75-84 (x .04)	6,223	248.9	6,670	266.8	7,046	281,8	7,400	296	8,079	323.1
85+ (x.15)	2,097	314.5	2,180	327	2,289	343,3	2,413	361.9	2,526	378.9
TOTAL NEED	133,865	746	136,217	782,9	138,561	821.4	140,892	862.3	143,238	911.1
Existing Wilson County										
Lebanon Health and Rehabilitation Center		60		60		60		60		60
Quality Care Health Center		280		280		280		280		280
Mt. Juliet Heaith Care Center		106		106		106		106		106
The Pavilion		60		60		60		60		60
Total Existing Beds		506		506		506		506		506
BED NEED		240		276.9		315.4		356.3		405.1
Net Bed Need Change				+36.9		+38.5		+40.9		+48.8

Source - University of Tennessee Center for Business and Economic Research Population Data Files, Reassembled by the Tennessee Department of Health, Division of Policy, Planning and Assessment

Attachment Section B Need - A-12

Evidence of Quality Care

Medicare.gov | Nursing Home Compare

The Official U.S. Government Site for Medicare

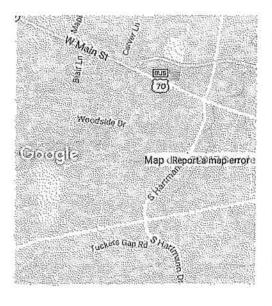
General information

PAVILION-THS, LLC

Overall rating 10: 5 out of 5 stars Much Above Average

1406 MEDICAL CENTER DRIVE LEBANON, TN 37087 (615) 444-2882

Distance : 2.9 miles



Nursing home information

60 certified beds 🚳 ...

Participates in : Medicare and Medicaid

Ownership : For profit -Corporation

Automatic sprinkler systems

in all required areas: Yes

Not in a Continuing Care

Retirement Community (CCRC)

Not in a hospital

Resident council only

Star rating categories

Health inspection 📵	5 out of 5 stars Much Above Average
Staffing 19	4 out of 5 stars Above Average
Quality measures 🛈	4 out of 5 stars Above Average

Ownership information

Ownership : For profit - Corporation Legal business name: PAVILION-THS, LLC

Get more ownership information

Health & fire safety inspections

PAVILION-THS, LLC

Overall rating 10: 5 out of 5 stars **Much Above Average**

1406 MEDICAL CENTER DRIVE LEBANON, TN 37087 (615) 444-2882

Distance : 2.9 miles

Nursing home information

60 certified beds

Participates in . Medicare and Medicaid

Health inspection 10

5 out of 5 stars **Much Above Average**

Health inspection summary

Date of standard health inspection:	08/18/2016 View Full Report
Date(s) of complaint inspection(s) between 6/1/2016 - 5/31/2017:	No Complaint Inspections
Total number of health deficiencies:	0
Average number of health deficiencies in Tennessee:	5.2
Average number of health deficiencies in the United States:	7.3
	ealth inspections

Mistreatment: 0 deficiencies found

No Mistreatment deficiencies were found during this inspection period.

Quality Care: 0 deficiencies found

No Quality Care deficiencies were found during this inspection period.

Resident Assessment: 0 deficiencles found

No Resident Assessment deficiencies were found during this inspection period.

Resident Rights: 0 deficiencies found

No Resident Rights deficiencies were found during this inspection period.

Nutrition and Dietary: 0 deficiencies found

No Nutrition and Dietary deficiencies were found during this inspection period.

Pharmacy Services: 0 deficiencies found

No Pharmacy Services deficiencies were found during this inspection period.

Environmental: 0 deficiencies found

No Environmental deficiencies were found during this inspection period.

Administration: 0 deficiencies found

No Administration deficiencies were found during this inspection period.

▼ Fire safety summary

Total number of Fire Safety Deficiencies for this nursing home:	NOT AVAILABLE
Average number of Fire Safety Deficiencies in Tennessee :	NOT AVAILABLE
Average number of Fire Safety Deficiencies in the United States:	NOT AVAILABLE

Range of Fire Safety Deficiencies in Tennessee :	NOT AVAILABLE					
View All Fire Safety Inspections						
▼ Building Construction: NA deficiencies found						
	for Fire Safety Inspections.					
▼ Interior Finish: NA deficiencles found						
Data currently not available	for Fire Safety Inspections.					
Corridor Walls and Doors: NA deficiencies found						
Data currently not available	for Fire Safety Inspections.					
▼ Vertical Openings: NA deficiencies found						
Data currently not available	for Fire Safety Inspections.					
▼ Smoke Compartmentation and Control: NA deficien	ncies found					
Data currently not available	for Fire Safety Inspections.					
▼ Hazardous Area: NA deficiencies found						
Data currently not available	for Fire Safety Inspections.					
▼ Exit and Exit Access: NA deficiencies found						
Data currently not available	for Fire Safety Inspections.					
Exit and Egress: NA deficiencies found						
Data currently not available f	for Fire Safety Inspections.					

Illumination and Emergency Power: NA deficiencies found

Data currently not available for Fire Safety Inspections. Emergency Plans and Fire Drills: NA deficiencies found Data currently not available for Fire Safety Inspections. Fire Alarm Systems: NA deficiencies found Data currently not available for Fire Safety Inspections. Automatic Sprinkler Systems: NA deficiencies found Data currently not available for Fire Safety Inspections. Smoking Regulations: NA deficiencies found Data currently not available for Fire Safety Inspections. Building Service Equipment: NA deficiencies found Data currently not available for Fire Safety Inspections. Furnishing and Decorations: NA deficiencies found Data currently not available for Fire Safety Inspections. Laboratories: NA deficiencies found Data currently not available for Fire Safety Inspections. ▼ Medical Gases and Anesthetizing Areas: NA deficiencies found Data currently not available for Fire Safety Inspections. Electrical: NA deficiencies found

Data currently not available for Fire Safety Inspections.

Miscellaneous: NA deficiencies found

Data currently not available for Fire Safety Inspections.

Complaints and Facility-Reported Incidents

This nursing home has not been cited for any deficiencies from incidents reported by the nursing home or complaints in the last 3 years.

Staffing

PAVILION-THS, LLC



Overall rating 03: 5 out of 5 stars **Much Above Average**

1406 MEDICAL CENTER DRIVE LEBANON, TN 37087 (615) 444-2882

Distance : 2.9 miles

Nursing home information

60 certified beds

Participates in : Medicare and Medicaid

Staffing 0



4 out of 5 stars **Above Average**

RN staffing **

4 out of 5 stars **Above Average**

¥	PAVILION- THS, LLC	TENNESSEE AVERAGE	NATIONAL AVERAGE
Total number of residents	51	85.6	85.8
Total number of licensed nurse staff hours per resident per day	2 hours and 11 minutes	1 hour and 51 minutes	1 hour and 42 minutes
RN hours per resident per day	55 minutes	46 minutes	50 minutes
LPN/LVN hours per resident per day	1 hour and 16 minutes	1 hour and 5 minutes	51 minutes

	PAVILION- THS, LLC	TENNESSEE AVERAGE	NATIONAL AVERAGE
CNA hours per resident per day	2 hours and 52 minutes	2 hours and 14 minutes	2 hours and 27 minutes
Physical therapy staff hours per resident per day	5 minutes	7 minutes	6 minutes

Quality measures

PAVILION-THS, LLC

Overall rating 5: 5 out of 5 stars
Much Above Average

1406 MEDICAL CENTER DRIVE LEBANON, TN 37087 (615) 444-2882

Distance 1: 2.9 miles

Nursing home information

60 certified beds 0

Participates in 10: Medicare and Medicaid

Quality measures 0

4 out of 5 stars
Above Average

Short-stay residents

Find out why these measures are important.

Get more information about the data.

Get the current data collection period.

and the second s	PAVILION-	TENNESSEE	NATIONAL
	THS, LLC	AVERAGE	AVERAGE
Percentage of short-stay residents who made improvements in function. Higher percentages are better.	73.2%	62.7%	64.5%

ě.	PAVILION- . THS, LLC	TENNESSEE AVERAGE	NATIONAL AVERAGE
Percentage of short-stay residents who were re-hospitalized after a nursing home admission. Lower percentages are better.	22.2%	20.5%	21.1%
Percentage of short-stay residents who have had an outpatient emergency department visit. Lower percentages are better.	5.2%	12.6%	11.9%
Percentage of short-stay residents who were successfully discharged to the community. Higher percentages are better.	57.1%	58.4%	57.0%
Percentage of short-stay residents who self- report moderate to severe pain. Lower percentages are better.	18.7%	13.1%	15.3%
Percentage of short-stay residents with pressure ulcers that are new or worsened. Lower percentages are better.	1.5%	0.7%	1.1%
Percentage of short-stay residents assessed and given, appropriately, the seasonal influenza vaccine. Higher percentages are better.	99.2%	80.0%	79.8%
Percentage of short-stay residents assessed and given, appropriately, the pneumococcal vaccine. Higher percentages are better.	72.2%	82.0%	82.1%
Percentage of short-stay residents who newly received an antipsychotic medication. Lower percentages are better.	0.3%	2.3%	2.1%

Long-stay residents

Find out why these measures are important.

Get more information about the data.

Get the current data collection period.

		CONTRACTOR OF THE PROPERTY OF	A CHANGE THE COMPANY OF THE PARTY OF THE PAR
) in the second	PAVILION- THS, LLC	TENNESSEE AVERAGE	NATIONAL AVERAGE
Percentage of long-stay residents experiencing one or more falls with major injury. Lower percentages are better.	2.5%	3.3%	3,3%
Percentage of long-stay residents with a urinary tract infection. Lower percentages are better.	3.2%	5.3%	4.2%
Percentage of long-stay residents who self- report moderate to severe pain. Lower percentages are better.	5.2%	5.1%	6.8%
Percentage of long-stay high-risk residents with pressure ulcers. Lower percentages are better.	8.7%	5.2%	5.7%
Percentage of long-stay low-risk residents who lose control of their bowels or bladder. Lower percentages are better.	53.7%	55.5%	47.2%
Percentage of long-stay residents who have/had a catheter inserted and left in their bladder. Lower percentages are better.	3.4%	2.4%	2.4%
Percentage of long-stay residents who were physically restrained. Lower percentages are better.	0.0%	1.5%	0.6%
Percentage of long-stay residents whose ability to move independently worsened. Lower percentages are better.	23.6%	21.0%	18.1%
Percentage of long-stay residents whose need for help with daily activities has increased. Lower percentages are better.	17.5%	15,9%	15.1%
Percentage of long-stay residents who lose too much weight. Lower percentages are better.	10.1%	8.1%	7.0%

2017	MIG		
	PAVILION- THS, LLC	TENNESSEE AVERAGE	NATIONAL AVERAGE
Percentage of long-stay residents who have depressive symptoms. Lower percentages are better.	0.7%	2.3%	5.2%
Percentage of long-stay residents who received an antianxiety or hypnotic medication. Lower percentages are better.	33.1%	36.9%	23.3%
Percentage of long-stay residents assessed and given, appropriately, the seasonal influenza vaccine. Higher percentages are better.	100.0%	93.1%	94.6%
Percentage of long-stay residents assessed and given, appropriately, the pneumococcal vaccine. Higher percentages are better.	99.4%	91.5%	93.7%
Percentage of long-stay residents who received an antipsychotic medication. Lower percentages are better.	10.8%	18.1%	16.3%

Penalties

PAVILION-THS, LLC

Overall rating 5: 5 out of 5 stars
Much Above Average

1406 MEDICAL CENTER DRIVE LEBANON, TN 37087 (615) 444-2882

Distance : 2.9 miles

Nursing home information

60 certified beds

Participates in 10: Medicare and Medicald

Federal fines in the last 3 years

Date

Amount

This nursing home has not received any fines in the last 3 years. States may also impose penalties under state law. To search state websites click here.

Federal payment denials in the last 3 years

Date

This nursing home has not received any payment denials in the last 3 years.

States may also impose penalties under state law. To search state websites click here.





Your Top-Line

Pavilion-Ths, Llc 1406 Medical Center Drive, Lebanon, TN 37087

Publication Number: 2017-02



Survey Rating

Currently ranked **1st out of 313 facilities** in Tennessee on weighted 3-cycle survey score.

For more on your survey score, see Page 2.



Staffing Rating

To gain a star in Staffing, increase your actual RN hours PPD by 0.186 (11.1 minutes) from 0.92 to 1.105, and increase your actual Total hours PPD by 0.129 (7.7 minutes) from 5.05 to 5.179.

For more on your staffing breakdown, see Page 3.



Quality Measure Rating

The greatest opportunity to improve your QM rating is on LS Pressure Ulcers, where you are currently earning 20 out of 100 points.

See your performance on all Quality Measures on Page 4.



Overall Rating

Your Overall Rating Calculation

- + 5 Stars (From your Survey Rating being 5 Stars)
- + 0 Stars (From your **Staffing Rating being 4 Stars**)
- + 0 Stars (From your Quality Rating being 4 Stars)

5 Stars is your Overall Rating

AHCA/NCAL Quality Initiative



No Quality Initiative targets have been met.



AHCA/NCAL Quality Awards

Your facility was a 2015 Bronze recipient. For information on continuing the journey click here





Your Survey Score Breakdown

	Score Breakdown				Deficiencies (#)			
	initial	R	evisits	Total	Standard			
	Score	#	Score	Score	Health	Complaint	Total	
Cycle on 08/18/16	0	0	0	0	0	٥	0	
Cycle on 08/26/15	0	0	0	0	0	0	0	
Cycle O on 05/29/14	0	0	٥	0	0	0	0	
M : 5 - 12 C - 1	n	. (0	**** Congratulations on Achieving			
Weighted 3-Cycles*	$\frac{0}{2} + \frac{0}{3} + \frac{0}{6} = 0$			Congratuia	5 Stars	leving		

Count of Deficiencies by Scope/Severity Code and Cycle

This figure shows for each of the last three survey cycles (1, 2, and 3), the number of deficiencies you received at each scope and severity level.

		Isolated	Scope Pattern	Widespread
Severity	Immediate jeopardy	6) -	K 1) - 2) - 6) -	L 0 - 9 - 6 -
	Actual harm that is not immediate Jeopardy	G	H () - (2) - (3) -	I () - () -
	No actual harm with potential for more than minimal harm that is not immediate jeopardy	D	(3) - (5) - (6) -	F () - () - () -
	No actual harm with potential for minimal harm	A	B	C 0 -

Congratulations on Being Deficiency Free!

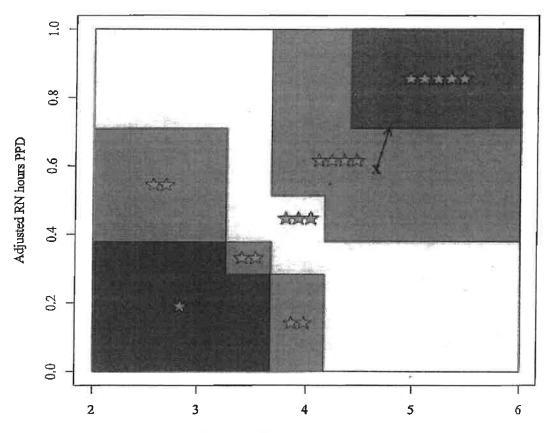




Your Staffing Rating Breakdown

To gain one star on your staffing rating (moving from 4-stars to 5-stars), you can increase your *adjusted* RN hours PPD from 0.591 to 0.710 PPD, and your DCS hours PPD from 4.66 to 4.78 PPD. This is equivalent to increasing your *actual* RN hours PPD by 0.186 (11.1 minutes), from 0.920 to 1.105 PPD; and increasing your *actual* DCS hours PPD by 0.13 (7.7 minutes), from 5.10 to 5.20 PPD.

The Figure below shows your current Five Star staffing rating based on your adjusted hours PPD, and the black arrow leading from the "X" indicates your current case-mix adjusted staffing levels and where you need to go to increase your staffing rating. The color graduation from red to green is increasing staffing ratings from 1 to 5.



Adjusted Total Direct Care Staff Hours PPD

The boundaries for hours PPD between the ratings are as follows:

Staff type	1 Star	2 Stars	3 Stars	4 Stars	5 Stars
RN	< 0.283	0.283-0.378	0.379-0.512	0.513-0.709	≥ 0.710
Total	< 3.262	3.262-3.660	3.661-4.172	4.173-4.417	≥ 4.418





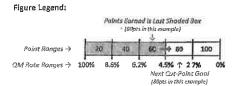
Your Quality Rating Breakdown

Your current Quality Measure (QM) rating of 4 Star can improve to 5 by gaining 65 total points. The table below shows the number of points you have earned on each QM and a goal rate to increase your points on each QM.

			Curre	nt Performance	Next Cut-Point Goal	
	Time Period	Rate	Points	Point Ranges	Rate	Points
LS Pressure Ulcers	2016q1- 2016q4	8.7%	20	20 → 40 60 80 100 100% 8.6% 6.2% 4.5% 2.7% 0%	8.6%	40
LS Catheter	2016q1- 2016q4	3.4%	40	100% 4.7% 3.2% 2.13% 1.1% 0%	3.2%	60
LS Mobility Decline	2016q1- 2016q4	23.6%	40	20 40 0 80 100 100% 24.9% 19.3% 14.5% 8.0% 0%	19,3%	60
LS ADL Decline	2016q1- 2016q4	17.5%	40	20 40 → 60 80 100 100% 20.8% 16.8% 13.5% 10.0% 0%	16.8%	60
SS Rehospitalizations	2015q3- 2016q2	22.2%	40	100% 25.7% 21.9% 18.7% 13.8% 0%	21.9%	60
SS Pressure Ulcers	2016q1- 2016q4	1.5%	50	75 NO> 75 100 100% 1.6% 0.7% 0% 0%	0.7%	75
SS Pain	2016q1- 2016q4	18.7%	60	109% 26.9% 18.8% 13.2% 7.4% 0%	13.2%	80
SS Community Discharge	2015q3- 2016q2	57.1%	60	0% 47.7% 54.9% 59.9% 66.4% 100%	59.9%	80
LS Pain	2016q1- 2016q4	5.2%	60	70 to 50 +80 100 100% 13.1% 8.3% 5.0% 2.2% 0%	5.0%	80
LS Injurious Falls	2016q1- 2016q4	2.5%	60	10 40 60 + 80 100 100% 5.0% 9.5% 2.4% 1.3% 0%	2.4%	80
LS UTIs	2016q1- 2016q4	3.2%	80	20 =0 =0 =0 =0 =0 100 100 100 100 100 100	1.9%	100
LS Antipsychotics	2016q1- 2016q4	10.8%	80	20 4th 60 80 -> 100 100% 24.0% 17.4% 12.7% 5.8% 0%	6.8%	100
SS Improved Function	2016q1- 2016q4	73.2%	80	20 40 50 50 00 00 00 100 00 00 00 00 00 00 00 00 0	81.7%	100
SS Antipsychotics	2016q1- 2016q4	0.3%	80	70 (0) 59 80 -> 100 100% 3.5% 1.9% 1.0% 0% 0%	0.0%	100
LS Restraints	2016q1- 2016q4	0.0%	100	20 CO 1.4% 0% 0%	0.0%	100
SS ED Visits	2015q3- 2016q2	5.2%	100	20 40 69 80 200 100% 15,5% 11,7% 8,9% 5,5% 0%	0.0%	100
Five-Star QM Rating	May 2017	4 Stars	990	32S 790 890 970 10SS 1600	5 Stars	1055

*N/R= Not Reported, QM points imputed if possible.

Source: May 2017 Release of Nursing Home Compare





IMPROVING LIVES by BELIVERING EULUTIONS for QUALITY CARE



Long-Term/ Dementia Care	Antipsychotics Current Rate 15.0% % Change (Goal -30%) -4.5%	Hospitalizations (LS) Current Rate (Goal 10%) 11.2% – % Change (Goal -15%) 85.6% –	Summary of Performance 0 of 8 Targets Achieved
Short-Stay/ Post-Acute	Hospital Readmissions Current Rate (Goal 10%) 14.0% % Change (Goal -30%) 125.0%	Discharge to Community Current Rate (Goal 70%) 67.0% % Change (Goal +10%) -2.0%	Functional Improvement Current Rate (Goal 75%) 65.4% — % Change (Goal +10%) -19.4% —
Organizational Success	Company of the Compan	Customer Satisfaction Goal: Upload CoreQ Data to LTC Trend Tracker Not Uploaded — Met Goal Not	Unintended Health Care Outcomes Coming Soon

*-Must meet at least one goal to achieve target. TBD-To Be Determined

The AHCA/NCAL Quality Initiative

The 2015-2018 initiative challenges members to meet measurable targets in eight areas with a focus on three key priorities: improvements in organizational success, short-stay/post-acute care, and long-term/dementia care.

These areas are aligned with CMS's Quality Assurance /Performance Improvement (QAPI) program and federal mandates, such as Five-Star and the IMPACT Act.

Click on the measure names on the left for target-specific resources.

AHCA/NCAL Resources to Know

Emergency Preparedness

Final Rule Webinar Series- Are you on track to be in compliance by November 2017?

Infection Preventionist Specialized Training (IPCO)

 This <u>online</u>, self-study program on ahcancalED with 23 hours of learning helps members with the recently expanded infection prevention and control training requirements

LTC Trend Tracker

• Resource Center - home of videos and guides on how to access and run reports

Data Sources

Survey, Staffing, and Five-Star Quality data (pages 1-4) from May 24, 2017 release of Nursing Home Compare. Quality Initiative data (page 5) from LTC Trend Tracker as of June 20, 2017.

If you have any questions, please email help@LTCTrendTracker.com



Early bird registration ends July 21, so register today and save!



INFEGRING LIVES by DELIVERING EDITORIA (4)



Your Top-Line

Pavilion-Ths, Llc 1406 Medical Center Drive, Lebanon, TN 37087

Publication Number: 2017-Q1



Survey Rating

Currently ranked 1st out of 311 facilities in Tennessee on weighted 3-cycle survey score.

For more on your survey score, see Page 2.



Staffing Rating

To gain a star in Staffing, increase your actual RN hours PPD by 0.186 (11.1 minutes) from 0.92 to 1.105, and increase your actual Total hours PPD by 0.129 (7.7 minutes) from 5.05 to 5.179.

For more on your staffing breakdown, see Page 3.



Quality Measure Rating

The greatest opportunity to improve your QM rating is on LS Mobility Decline, where you are currently earning 20 out of 100 points.

See your performance on all Quality Measures on Page 4.



Overall Rating

Your Overall Rating Calculation



AHCA/NCAL **Quality Initiative**

AHCA/NCAL **Quality Awards**

See which three Quality Initiative targets your facility has met on Page 5.

Your facility was a 2015 Bronze recipient. For information on continuing the journey click <u>here</u>





Your Survey Score Breakdown

	Score Breakdown				De	ficiencies (#)	
	Initial Revisits		Total	Standard			
	Score	#	Score	Score	Health	Complaint	Total
Cycle 0 on 08/18/16	0	0	0	0	0	0	0
Cycle on 08/26/15	0	0	0	0	0	0	0
Cycle on 05/29/14	0	0	0	0	0	0	0
	$\frac{0}{2} + \frac{0}{3} + \frac{0}{6} = \underline{0}$ Congratulations on Achi						
Weighted 3-Cycles*				ieving			
						5 Stars	

Count of Deficiencies by Scope/Severity Code and Cycle
This figure shows for each of the last three survey cycles (1, 2, and 3), the number of deficiencies you received at each scope and severity level.

		Isolated	Scope Pattern	Widespread
Severity	Immediate jeopardy	J 0 - 2 - 0 -	K 10 -	L () - 2) - 3) -
	Actual harm that is not immediate jeopardy	G	H (1) -	1 0 - 0 - 0 -
	No actual harm with potential for more than minimal harm that is not immediate jeopardy	D () . ② - () -	E 10 -	F 0 -
	No actual harm with potential for minimal harm	A 0 - 0 - 0 -	B 0 -	C 0 -

Congratulations on Being Deficiency Free!

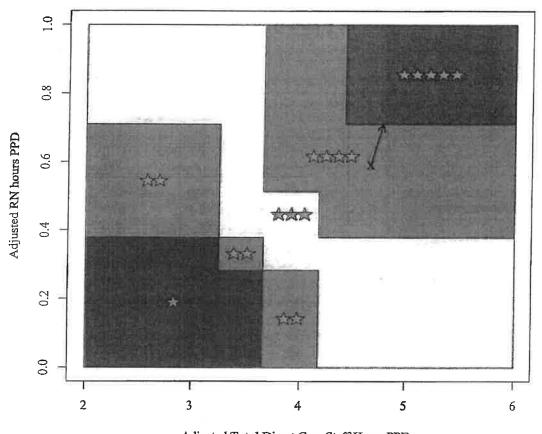




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The Figure below shows your current Five Star staffing rating based on your adjusted hours PPD, and the black arrow leading from the "X" indicates your current case-mix adjusted staffing levels and where you need to go to increase your staffing rating. The color graduation from red to green is increasing staffing ratings from 1 to 5.



Adjusted Total Direct Care Staff Hours PPD

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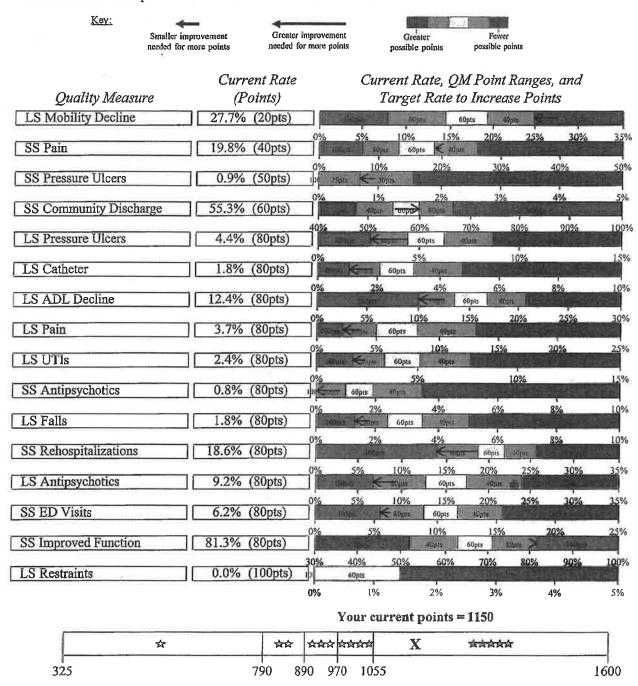
Staff type	1 Star	2 Stars	3 Stars	4 Stars	5 Stars
RN	< 0.283	0.283-0.378	0.379-0.512	0.513-0.709	≥ 0.710
Total	< 3.262	3.262-3.660	3.661-4.172	4.173-4.417	≥ 4.418





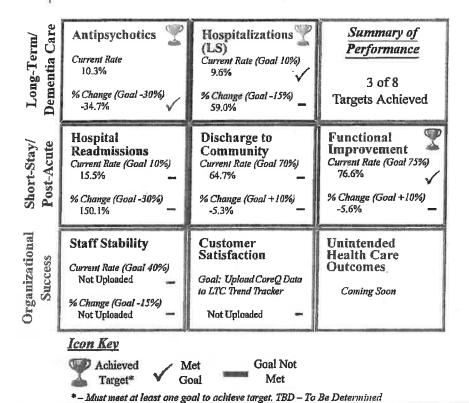
Your Quality Rating Breakdown

Congratulations on achieving a Quality Measure (QM) rating of 5 stars. You are currently 450 points from the highest possible points of 1600. The graphic below shows the number of points you have earned, on each QM, with the size of the black arrows showing how much your rate needs to improve on each QM and in which direction to earn more points.









The AHCA/NCAL Quality Initiative

The 2015-2018 initiative challenges members to meet measurable targets in eight areas with a focus on three key priorities: improvements in organizational success, short-stay/post-acute care, and long-term/dementia care.

These areas are aligned with CMS's Quality Assurance /Performance Improvement (QAPI) program and federal mandates, such as Five-Star and the IMPACT Act.

Click on the target headings on the left for target-specific resources.

AHCA/NCAL Resources to Know

Staff Stability

- Quality Initiative Series- Part 4: Staff Stability (Recorded on 1/25/17)
- Updated Cost of Turnover Calculator

Rehospitalization

· Reducing Rehospitalization: Practical Strategies for Success

Requirements of Participation (RequirED on ahcancalED)

• Must View RoP Materials - RoP Checklist Overview, Playbook, Extracted Final Rule, Session PPT

Data Sources

Survey, Staffing, and Five-Star Quality data (pages 1-4) from January 30, 2017 release of Nursing Home Compare. Quality Initiative data (page 5) from LTC Trend Tracker as of Feb. 10, 2017.

If you have any questions, please email help@LTCTrendTracker.com





August 23, 2016

Mr. Joseph Njezic, Administrator The Pavilion-THS, LLC 1406 Medical Center Drive Lebanon TN 37087

Provider # 44-5500

Dear Mr. Njezic:

The East Tennessee Regional Office of Health Care Facilities conducted a Health and Life Safety code recertification survey on August 15 - 18, 2016. This letter is to serve as notice that as a result of the survey completed August 18, 2016, your facility was found to be in compliance with the Health and Life Safety participation requirements for Medicare and/or Medicaid Programs.

Sincerely,

Tamra Turberville, R.N.

Regional Administrator

ETRO Health Care Facilities

Lamra Turberville/ff

TT: afl

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 08/18/2016 FORM APPROVED OMB NO 0938-0391

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·/		445500	B. WING		08/18/2	010
NAME OF PROVI	DER OR SUPPLIER		1	STREET ADDRESS, CITY, STATE, ZIP CODE 1406 MEDICAL CENTER DRIVE LEBANON, TN 37087		
(X4) ID PREFIX TAG	((EACH DEFICIENCY MUST BE PRECEDED BY FULL		ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)		(X5) COMPLETE DATE
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	\$			027		
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		SUPPLIER REPRESENTATIVE'S SIGN		TITLE	(X6) DAT	

In deficiency statement ending with an asterisk (*) denotes a deficiency which the institution may be excused from correcting providing it is determined that the nafeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days jug the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 ays following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued rogram participation.

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		445500	B. WING	-		30	3/15/2016
NAME OF	PROVIDER OR SUPPLIER			STR	EET ADDRESS, CITY, STATE, ZIP COD		
PAVILIO	ON-THS, LLC				6 MEDICAL CENTER DRIVE BANON, TN 37087		
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ny deficiency statement ending with an asterisk (*) denotes a deficiency which the institution may be excused from correcting providing it is determined that afeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days by the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 ays following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued togram participation.

TITLE

(X6) DATE

ABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

PRINTED: 08/18/2016 FORM APPROVED

	of Health Care Fac NT OF DEFICIENCIES	(X1) PROVIDER/SUPPLIER/CLIA	(X2) MULTIPLE	E CONSTRUCTION	(X3) DATE	
AND PLAN	OF CORRECTION	IDENTIFICATION NUMBER:		01 - MAIN BUILDING	СОМ	PLETED
		TN9507	B. WING		08/	15/2016
NAME OF I	PROVIDER OR SUPPLIER	STREET	ADDRESS, CITY, S	TATE, ZIP CODE		
PAVILIO!	N-THS, LLC		EDICAL CENTE ON, TN 37087			
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N 002	1200-8-6 No Defici	encies	N 002			
	licensure survey co	iy portion of the annual nducted on 8/15/16, no ited under 1200-08-06, ing Homes.				
				No.		
! !						
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		2			*	
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n of Heal	th Care Facilities	R/SUPPLIER REPRESENTATIVE'S SIG	uizuac	TITLE		(X6) DATE

Attachment Section B Need - C

Service Area

Hardin Fayette

County Level Map

HF-0004 Revised 12/2016 - All forms prior to this time are obsolete.

Attachment Section B Need - D-1-b

Population Data Chart

Population Data Chart

_			-
Care	rennCare Enrollees as % of Total Population	14.43%	21.226%
TennCare	TennCare Enrollees (April 2017)	18,977	1,461,966
ns	Person Below Poverty	10.1%	17.6%
he Cens	Person Below Poverty	·	Ġ
Bureau of the Census	Median Household moome	\$61,070	\$45,219
	əgA nsibəM	40.1	38.4
	Target Population 2021 as % of Total	18.2%	18.27%
th Statistics	Target Population % Change	22.16%	15.8%
	Target Population -	25,651	1,312,118
of Health/Health Statistics	Target Population - 7017	20,997	1,133,025
Department of	% notisting Population % Change	7.15%	4.23%
Dep.	- noitsluqo9 IstoT 1202	140,892	6,887,572 7,179,512
	- noitslugo¶ lstoT 7102	131,486	6,887,572
Demographic	variable/ Geographic Area	Wilson County	State of TN Total

Source: University of Tennessee Center for Business and Economic Research Population Data Files, Reassembled by the Tennessee Department of Health, Division of Policy, Planning and Assessment

Attachment Section B Need - E-1

Service Area Utilization

Service Area Utilization

		series (series	Admissions / Discharges	Average Length of Stay	Stay	Resid	Resident Days of Care	fCare		Оссирапсу	
	2013	2014	2015	2015		2013	2014	2015	2013	2014	2015
Pavilion Senior	A = 195	A = 204	A=260	Less than 100 days	74	21577	21309	20946	%5'86	97.3%	95.6%
Sm vi	D = 168	D = 183	D=235	100-180 days	44						
[[speq 09]]		841		181-364 days	84						
11000 1011		į.		1 year to < 2 years	21						
[[21,300 total			#1000°C	1 year to < 2 years	16						
NDCs[]				1 year to < 2 years	5						
				4 or more years	16						
				TOTAL	260				-		
Lebanon Health	A = 617	A = 481	A = 444	Less than 100 days	365	11974	11682	12426	54.7%	53.3%	56.7%
and	\$,	}	100-180 days	31	,					
Kehabilitation	D= 280	D = 445	D = 442	181-364 days	16				- 15-		
ונשלוז				1 year to < 2 years	16			,,,			
[[nn]]				1 year to < 2 years	16						
[F21 900 total				1 year to < 2 years	2						
RDCs11				4 or more years	ı		بمسك				
11-2-		i e		TOTAL	444				10.000		
Mt. Juliet Health	$\dot{A} = 306$	A = 399	A = 387	Less than 100 days		30771	27901	26162	79.5%	72.1%	%9.29
Care Center				100-180 days	14						
	D = 296	D = 373	D = 362	181-364 days	14						
[[106]]				1 year to < 2 years	13					11/2	
1179 600 4 4 1				1 year to < 2 years	4						
[[38,690 total				1 year to $<$ 2 years	5						
Tecon				4 or more years	12						ě
				TOTAL	63						

700 20	075.10						
83 80% 63 /10/	02:470						
83 80%	0/0,00		72		A	F	
80253	C						
85290							
85645							
288	43	7.1	99	41	17	41	557
496 Less than 100 days	100-180 days	181-364 days	1 year to < 2 years	1 year to < 2 years	1 year to < 2 years	4 or more years	TOTAL
A=496	¢	D = 446					
A = 740	6	679 = 0 907 = 0					
A=837 A=740 A=	1	80/ = a					
Quality Care	Health Center	LF28011	11-00-11	[[102, 200 total	RDCs11		

Source: 2013 - 2015 Tennessee Joint Annual Reports

Attachment Section B Economic Feasibility - A-5

Documentation Supporting Construction Costs



June 7, 2017

Health Services & Development Agency 500 Deaderick Street, Suite 850 Nashville, TN 37243

Dear Members of Health Services & Development Agency,

Horizon Construction has been retained to bid and build a fourth wing onto The Pavilion Senior Living building. We anticipate it costings \$976,729 to build which does include a \$50,000 contingency amount.

This budget will allow the wing to be up to current life safety codes.

Sincerely,

Bill Harmon Director of Construction

Attachment Section B Economic Feasibility - F-1

Applicant's Financial Statements

PAVILION – THS, LLC HUD PROJECT NO. 086-22042

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

PAVILION-THS, LLC

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INDEPENDENT AUDITORS' REPORT

To the Member of Pavilion – THS, LLC

We have audited the accompanying financial statements of Pavilion – THS, LLC (a limited liability company) HUD Project No. 086-22042, which comprise the balance sheets as of December 31, 2016 and 2015 the related statements of earnings (deficit) and members equity and cash flows for the years then ended, and the related notes to the financial statements.

Managements Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audits evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion'

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pavilion – THS, LLC as of December 31, 2016 and 2015, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information shown on pages 12 - 25 are presented for purposes of additional analysis as required by the Consolidated Audit Guide for Audits of HUD Programs issued by the U.S. Department of Housing and Urban Development, Office of the Inspector General and are not a required part of the financial statements.

The accompanying supplementary information on pages 12 - 25 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information on pages 12 - 25 is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 17, 2017 on our consideration of Pavilion – THS, LLC (a limited liability company) internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering of Pavilion – THS, LLC's internal control over financial reporting and compliance.

Murfreesboro, TN March 17, 2017 Dempson Nontream + Falli PFFE

PAVILION - THS, LLC HUD PROJECT NO. 086-22042 NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016 AND 2015

NOTE A - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The financial statements include the accounts of Pavilion – THS, LLC, (the "Facility") a subsidiary of Total Health Systems, LLC, a limited liability company, located in Lebanon, Tennessee. The Facility is a 60 bed long-term care center located in Lebanon, Tennessee. The Facility was formed through an acquisition of the assets of Community Progress Committee, Inc. ("Community"), a Tennessee not-for-profit corporation on November 19, 2011.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property and Equipment

Property and equipment are reported at cost. Depreciation is provided for over the estimated useful lives of the assets using straight-line depreciation methods for vehicles, equipment, fixtures, buildings and improvements. Expenditures for maintenance, repairs and renewals that do not materially extend the life of an asset are charged to expense as incurred are charged to operations as incurred, and betterments greater than \$1,000 are capitalized.

The estimated useful lives are as follows:

	Years
Furniture and office equipment	5 - 10 years
Transportation equipment	5 years
Building and improvements	10 - 40 years

Financing Costs

Financing costs are being amortized by the straight-line method over the term of the related long-term obligation. For the years ending December 31, 2016 and 2015 total amortization included in interest expense was \$5,153 and \$6,496, respectively.

PAVILION - THS, LLC HUD PROJECT NO. 086-22042 NOTES TO FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2016 AND 2015

NOTE A – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financing Costs (Continued)

In April 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2015-03, "Interest – Imputation of Interest: Simplifying the Presentation of Debt Issuance Costs" (ASU 2015-03), which resulted in the reclassification of debt issuance costs from "Other Assets" to inclusion as a reduction of the Facilities reportable "Long-Term Debt" balance on the Facilities' balance sheet.

Net Patient Revenues

The Facility is a 60 bed-long-term care-center managed by Stein and Associates, LLC under an annual renewable management agreement.

The Facility receives payments for services provided to certain patients under the state Medicaid program and Federal Medicare program. During the years ending December 31, 2016 and 2015 29% and 28%, respectively, of the net patient revenues were from participation in the state Medicaid program. Revenues under the federal Medicare program were approximately 30% and 28% during the years ending December 31, 2016 and 2015. Patient revenues under the Medicaid program are based in part on cost reimbursement principles which govern reimbursement of current year costs. Amounts earned under this program are subject to review by the third party payors. Revenues under the Medicare Program are based on the prospective payment system.

As of December 31, 2016 and 2015 approximately 57% and 34%, respectively, of the patient receivables are due from Medicare and Medicaid programs. The allowance for doubtful account is estimated and recorded based on the historical bad debt experience and management's judgment. In the opinion of management, adequate provision has been made for any adjustments that may result from reviews by the state Medicaid program. Differences between estimated provisions and final settlements are reflected in operations of the year finalized. The Facility considers all patient receivable accounts greater than 60 days old to be past due. The Facility does not charge interest on past due patient accounts. As of December 31, 2016 and 2015 the Company had recorded an allowance of doubtful accounts of \$119,248 and \$73,807, respectively.

Concentration of Credit Risks

The Facility's credit risk, also, relates to patient receivables. Patient receivables consist primarily of amounts due from patients, who receive funding through the Tennessee Medicaid program, Medicare program and private payers, in the state of Tennessee. The Facility performs continual credit evaluations of its patients. Management does not believe that there is significant credit risks associated with these governmental programs.

PAVILION – THS, LLC HUD PROJECT NO. 086-22042 NOTES TO FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2016 AND 2015

NOTE A - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Equivalents

For purposes of the statements of cash flows the Facility considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents.

The Facility's credit risks primarily relate to cash and equivalents and patient receivables. Cash and equivalents are primarily held in bank accounts. The Facility maintains several bank accounts at one bank. Accounts at an institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 for December 31, 2016 and 2015. Cash at these institutions exceeded federally insured limits at times.

Income Taxes

No income tax provision has been included in the financial statements for the Company since the income or loss has been elected to be reported by the respective member on his individual tax return.

The Company accounts for uncertainties in income tax law under Financial Accounting Standards Board (FASB) Accounting Standards Codification 740-10. ASC 740-10 prescribes a comprehensive model for the financial statement recognition, measurement, presentation and disclosure of uncertain tax positions taken or expected to be taken in income tax returns. ASC 740-10 requires that the tax effects of a position be recognized only if it is "more-likely-than-not" to be sustained by the taxing authority as of the reporting date. If the tax position is not considered "more-likely-than-not" to be sustained, then no benefits of the position are to be recognized. The Company has no unrecognized tax benefits for any of the periods presented. To the extent applicable in the future, interest and penalties related to income tax liabilities will be included in pre-tax income as interest expense and tax penalties. At December 31, 2016, the Company's tax returns related to fiscal years ended December 31, 2014 through December 31, 2016 remain open to examination by the tax authorities.

Provider Tax

The Facility is subject to a provider tax imposed by the state of Tennessee. This tax is calculated based on a flat rate per patient day as defined by the state of Tennessee as they relate to nursing services that are provided. The provider tax totaled \$261,270 and \$180,839 for the years ended December 31, 2016 and 2015, respectively.

Advertising

The Facility uses advertising to promote its programs and recruit contract employment. The production costs of advertising are expensed as incurred. Advertising costs totaled \$27,901 and \$39,369, respectively, during the years ended December 31, 2016 and 2015.

PAVILION - THS, LLC HUD PROJECT NO. 086-22042 NOTES TO FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2016 AND 2015

NOTE A - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventory

Inventory mainly consists of linens and dietary foods, supplies and supplements. Inventory is stated at the lower of cost or market; cost is determined using the first-in, first-out method.

NOTE B - RELATED PARTY TRANSACTIONS

The company is related through common ownership to similar facilities located West Virginia. This facility is managed by the same management company and will from time to time provide short term financing for the related entity. In addition, the company engaged a contractor owned by a related party for certain construction contracts. Total costs on the contract at December 31, 2016 were \$131,868. At December 31, 2016 and 2015 the company had a receivable of \$5,175 and \$26,291, respectively, from the related parties.

NOTE C - RESTRICTED CASH AND EQUIVALENTS

Certain cash and equivalents are held for resident trust accounts which are restricted for resident use. As of December 31, 2016 and 2015 these restricted cash and equivalent balances totaled \$160,232 and \$195,092, respectively.

NOTE D - PROPERTY AND EQUIPMENT

Property and Equipment consists of the following as of December 31, 2016 and 2015:

		2016		2015
No.				
Building and improvements	\$	4,236,532	\$	4,220,913
Transportation equipment		31,600		31,600
Furniture and office equipment		550,294		553,983
		4,818,426		4,806,496
Less accumulated depreciation		1,092,198		872,131
·	V-147	3,726,228		3,934,365
Construction in Progress		131,868		1.77°
Land and land improvements		165,200	75	165,200
,	3	4,023,296	\$	4,099,565

Depreciation totaled \$220,067 and \$223,263 during the years ending December 31, 2016 and 2015, respectively.

PAVILION – THS, LLC HUD PROJECT NO. 086-22042 NOTES TO FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2016 AND 2016

NOTE E - COMMITMENTS AND CONTINGENCIES

Management Agreement

The company has entered into a management agreement with Stein and Associates, LLC to operate and manage the Facility. Payment of the management fee is subordinate to the regular monthly payments of debt service on the notes payable. During the year ended December 31, 2016 and 2015 the company incurred \$90,000 in management fees under the agreement. At December 31, 2016 and 2015 no management fees were payable under the agreement.

Health Care Regulations

The health care industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, and government health care program participation requirements, reimbursement for patient services, and Medicaid fraud and abuse. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that the Facility is in compliance with fraud and abuse regulations as well as other applicable government laws and regulations.

U.S. Department of Housing and Urban Development Regulations

The operations of the Company are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to, HUD. Such administrative directives, rules and regulations are subject to change by an act of congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

NOTE F - LIMITED DISTRIBUTIONS TO MEMBER

In connection with the HUD refinance, in September 2014, management agreed to limited distributions payable to the member from funds provided by operations as limited by the regulatory agreement to "surplus cash" (as defined in the regulatory agreement) available at the end of each semiannual or annual fiscal period beginning on December 31, 2014. Distributions for the years ended December 31, 2016 and 2015 totaled \$469,000 and \$424,000, respectively.

"Surplus cash" available for distribution on December 31, 2016 and 2015 amounts to \$614,882 and \$107,170, respectively. The distributions for the year ended December 31, 2015 exceeded the amounts available for distribution by \$147,996. The excess distributions were returned to the entity by the member on March 31, 2016.

PAVILION – THS, LLC HUD PROJECT NO. 086-22042 NOTES TO FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2016 AND 2015

NOTE G-LONG TERM DEBT

Long term debt is composed of the following as of December 31, 2016 and 2015:

	2016	2015
Note payable goverment insured; in the original		
amount of \$4,238,600 with monthly principal and		
interest payments totaling \$18,489. The note		
bears an interest rate of 3.89%. The note is	2	
schedule to mature in October 2049. The note		
is collateralized by certain real estate.	4,109,999	4,170,700
Less Unamortized issuance costs	(181,614)	(186,767)
Less: current portion	(56,607)	(60,700)
Long term debt, net of current portion	\$ 3,871,778	\$ 3,923,233

Aggregate maturities of notes payable are as follows as of December 31, 2016

Year Ending	
December 31,	
2017	\$ 56,607
2018	59,107
2019	61,705
2020	64,405
2021	67,213
- Thereafter	 3,800,962
	\$ 4,109,999

NOTE H - RECLASSIFICATIONS

Certain amounts in the prior period financial statement have been reclassified to conform to current year presentation.

NOTE I - SUBSEQUENT EVENT

The Company has evaluated subsequent events through March 17, 2017, which is the date the financial statements were available to be issued. Based on the evaluation no significant subsequent events were noted.

SUPPLEMENTAL INFORMATION ...

Pavilion-THS, LLC HUD PROJECT NO. 086-22042 BALANCE SHEETS DATA December 31, 2016

A a a a u = t A l a			(#2
Account No.	ACCETO		
	ASSETS		
1120	CURRENT ASSETS	ď.	250.247
1137	Cash - operations Medicare/Medicaid/Other Insurance Receivable	\$	650,347
1140-10			479,396
1180	Due from affiliates		5,175
	Inventory		10,566
1200	Prepaid expenses	-	157,656
1100T	. Total Current Assets		1,303,140
1191	Patient deposits held in trust		5.120
	RESTRICTED DEPOSITS		
1310	Escrow deposits		87,025
1320	Replacement reserve	V	68,087
1300T	Total Deposits		155,112
	PROPERTY AND EQUIPMENT		
1410	Land		165,200
1420	Building		4,236,532
1465	Furniture and Equipment		550,294
1480	Motor Vehicles		31,600
1490	Construction in Progress		131,868
1400T	Total Fixed Assets		5,115,494
1495	Accumulated depreciation		(1,092,198)
1400N	Net Fixed Assets		4,023,296
1000T	Total Assets	\$	5,486,668
	LIABILITIES AND MEMBERS' EQUITY	**	
0.10	CURRENT LIABILITIES		
2110	Accounts payable - operations	\$	125,100
2120	Accrued wages payable		146,799
2131	Accrued interest payable - mortgage		13,709
2190-10	Accrued other liabilities		120,031
2170	Current portion of mortgage payable		56,607
2122T	Total Current Liabilities	1,211	462,246
2191	Patient deposits held in trust		5,120
2320	MORTGAGE PAYABLE, less current portion		3 871 778
2300T	Total long-term liabilities		3,871,778
2001	Total long-term liabilities		3,011,110
2000T	Total Liabilities		4,339,144
3131	Members' Equity		1,147,524
3130	Members' Equity		1,147,524
2033T	Total Liabilities and Members' Equity	\$	5,486,668
	• •	III III III III III III III III III II	

Pavilion-THS, LLC HUD PROJECT NO. 086-22042 STATEMENT OF ACTIVITIES DATA YEAR ENDED DECEMBER 31, 2016

		6
Account No	REVENUES	
5300	Nursing Homes revenues	\$ 5,735,864
50001	Folal Revenue	5,735,864
	EXPENSES	
6210	Advertising	27,901
6310	Office salaries	159,653
6320	Management fees	90,000
6350	Audit expense	14,500
6370	Bad debts	82,421
6263T	Total Administrative Expense	374,475
6450	Electricity	53,525
6451	Water	31,493
6400`I	Total Utilities Expense	85.018
6510	Maintenance salaries	35,103
6515	Supplies	8,144
6525	Garbage and trash removal	6,881
6580	Lease expense	5,596
6590	Miscellaneous operating and maintenance expenses	122,917
6500T	Total Operating and Maintenance Expense	178.641
6711	Payroll faxes (project's share)	154,798
6720	Property and liability insurance (hazard)	90,311
6722	Workmen's compensation	67,606 201,256
6723	Health insurance and other employment benefits Miscellaneous, taxes, licenses, permits and insurance	87,016
6790 6700T	мівсенапеона, дахеа, послава, реттва ало ташалос	600,987
6820	Interest on mortgage payable	166,319
6850	Mortgage insurance premium	26,562
T0088	Total Financial Expenses	192,881
6900	Nursing Homes expenses	3,422,897
6000T	Total cost of operations before depreciation and amortization	4,854,899
5060 T	Operating profit before depreciation and amortization	880,965
6600	Depreciation expenses	220,067
5060N	Operating profit	\$ 660,898
\$1000-010	Total mortgage principal payments required during the year	\$ 60,701
\$1000-020	total of monthly deposits during the year into the replacement reserve account, as required by the regulatory agreement.	\$ 33,000
S1000-030	Replacement reserve or residual receipts releases which are included as expense items on this statement of activities	\$ 88,533

Pavilion-THS, LLC HUD PROJECT NO. 086-22042 STATEMENT OF CASH FLOWS DATA YEAR ENDED DECEMBER 31, 2016

Account No.

	m operating activities:		
S1200-030	Other operating receipts	\$	5,669,062
S1200-040 S1200-050	Total receipts Administrative		5,669,062
\$1200-000	Utilities		214,822
\$1200-100	Salaries and wages		85,018 1,966,181
\$1200-110	Operating and maintenance		2,205,003
S1200-140	Property insurance		90,311
\$1200-170	Other operating expenses		(21,116)
S1200-180	Interest on first mortgage		161,166
S1200-220	Miscellaneous financial		26,562
\$1200-230	Total disbursements		4,727,947
S1200-240	Net cash provided by operating activities		941,115
Cash flows from	n investing activities;	.21	
\$1200-330	Net purchase of fixed assets		(143,798)
\$1200-245	Net escrow deposit		(19,896)
S1200-250	Net replacement reserve deposits		55,473
S1200-350	Net cash used in investing activities		(108,221)
Cash flows from	n financing activities:		
S1200-360	Principal payments - mortgage		(60,701)
S1200-430	Contributions		150,000
S1200-420	Distributions paid		(469,000)
S1200-460	Net cash used in financing activities		(379,701)
S1200-470	Net increase in cash - operations		453,193
S1200-480	Beginning of year cash - operations		197,154
S1200T	End of year cash - operations	\$	650,347
Reconciliation of	of change in net assets to net cash provided by operati	ng activit	ies:
3250	Net income	\$	660,898
0200	Net moone	Ψ	060,000
	reconcile net income to net cash provided by operating	g activitie	
6600	Depreciation expense		220,067
6610	Amortization expense		5,153
Decrease (incre			
S1200-500	Patient receivable		(06,802)
S1200-520	Prepaid expenses		37,715
S1200-536	Inventory		
(Increase) (decr	ease) in:		
S1200-540	Accounts payable		836
S1200-560	Accrued liabilities		61,516
S1200-600	Other adjustments		21,732
\$1200-610	Net cash provided by operating activities	\$	941,115
		-	

Pavilion-THS, LLC HUD PROJECT NO. 086-22042 SCHEDULE OF 5300 AND 6900 ACCOUNTS YEAR ENDED DECEMBER 31, 2016

Account No.		
5301 5305 5306 5307 5309 5312 5325 5326 5327 5360 5365 5390	Private Pay Room & Board Medicare Room and Board Medicare Ancilliary Medicare Contractual Adjustments Medicaid Room and Board Medicaid Contractual Adjustments Other Public Room & Board Other Public Ancillary Other Public Adjustment Drugs/Medical Supplies and Pharmaceuticals Food Servicing Other service revenue	\$ 1,364,402 862,783 1,174,505 (333,163) 1,966,977 (287,628) 684,824 162,535 (214,803) 335,023 14,011 6,398
	¥	
	Nursing Home Revenues	\$ 5,735.864
6931 6932 6933 6940 6941 6942 6943 6950 6951 6953 6960 6961 6962 6963 6964 6967 6971 6973	Dietary Purchased Services Food Dietary Supplies Registered Nurses Payroll Licensed Practical Nurses Payroll Other Nursing Salaries Director of Nurses Salaries Housekeeping Salaries Housekeeping Supplies Housekeeping Purchased Services Drugs and Pharmaceuticals Medical Salaries Other medical costs Medical Supplies Medical Purchased Services PharmacyPurchased Services Laundry Salaries Laundry Supplies Medical Records Salaries	\$ 7,258 147,078 21,882 125,209 471,591 696,881 85,097 277,459 30,287 8,464 249,058 4,004 324,526 60,530 62,331 3,600 52,841 11,870 34,149
6975 6976	Medical Records Salaries Medical Records Supplies	34,149 273
6980	Recreation and Rehabilitation	345,764
6983	Rehabilitation Salaries	35,736
6985	Rehabilitation Purchased Services	 367,009
	Nursing Home Expenses	\$ 3,422,897

PAVILION-THS, LLC HUD PROJECT NO. 086-22042 SCHEDULE OF CHANGES IN FIXED ASSET ACCOUNTS YEAR ENDED DECEMBER 31, 2016

	Balance . Dec 31, 2016	Accumulated Depreciation Dec. 31, 2015	Additions	Retires	Accumulated Depreciation Dec. 31, 2016	Net Book Value Dec 31 2016
Buildings	\$ 4,236,532	\$ 554,021	\$ 935,427	\$ ·	\$ 689 448	\$ 3,547,084
Furnitare	550.294	316,742	78,304		395.046	155.248
Motor Vehicles	31,600	1.368	6,336		7,704	23,896
Fixed Assets	4,818,426	872,131	220,067	î	1,092,198	3,726,228
Construction in Progress	131.868					131,868
Land	165,200					165,200
Total Fixed Assets Costs	\$ 5,115,494	\$ 872,131	\$ 220,067	. \$	\$ 1.092,198	5 4 023,296

Pavilion-THS, LLC HUD PROJECT NO. 086-22042 SCHEDULE OF NURSING HOME SUPPLEMENTAL DATA FOR THE DECEMBER 31, 2016

Account No.

*[
Total Licensed Beds	60
Capacity	21,960
Medicare Patient Days	4.292
Medicare Patient Days Percentage	20.98%
Medicaid Patient Days	9,188
Medicaid Patient Days Percentage	44.92%
Private Patient Days	5,355
Private Patient Days Percentage	26.18%
VA Pay Patient Days	(f)
VA Pay Patient DaysPercentage	0.00%
Other Pay Patient Days	1,621
Other Pay Patient DaysPercentage	7.92%
Actual Patient Days	20,456
Utilization	93.15%
	Capacity Medicare Patient Days Medicare Patient Days Percentage Medicaid Patient Days Medicaid Patient Days Percentage Private Patient Days Private Patient Days Private Patient Days VA Pay Patient Days VA Pay Patient Days Other Pay Patient Days Other Pay Patient Days Actual Patient Days

Pavilion-THS, LLC HUD PROJECT NO. 086-22042 ADDITIONAL INFORMATION FOR THE DECEMBER 31, 2016

Reserve for Replacement

The reserve for replacement and repairs account, on deposit with the mortgage company, amounted to \$68,087; activity for the year ended December 31, 2016 is as follows:

	Replacement Reserve		Repair Escrow		Total	
Balance at December 31, 2015	\$	63,509	\$	60,051	\$	123,560
Monthly deposits required for replacements		33,000		×		33,000
Authorized withdraws		(28,442)		(60 091)		(88,533)
Interest and other credits		20		40	Yi. 1000	60
Total confirmed by mortgagee at December 31, 2016	\$	68,087	3	(* (*)	\$	68,087
* Required deposits was \$2,750 beginning in November 2014						
Computation of Surplus Cash	Dec	2. 31, 2016	June	e. 30, 2016	De	c 31, 2015
Current Assets Cash Net Accounts receivable from Medicare and Medicaid	\$	655,467 388,663 1,044,130	\$	507,599 366,562 874,161	\$	201,557 271,792 473,349
Current obligations: Accrued mortgage interest payable Current maturities of long-term debt; due within 30 days Accounts payable Accrued payroll related habilities Accrued other habilities Patient trust accounts	3	13,709 18,489 125,100 146,799 120,031 5,120 429,248	3	13,709 18,489 131,865 133,639 33,809 4,403 335,914 538,247	3	13,709 18,489 124,264 135,257 70,057 4,403 366,179

PAVILION - THS, LLC (A LIMITED LIABILITY COMPANY) HUD PROJECT NO. 086-22042

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2016

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA <u>Number</u>	Federal Expenditures
U.S. Department of Housing and Urban Development		
Section 232 Mortgage Insurance for Nursing Homes And Section 223(f) Existing Multifamily Rental Housing	14,129	\$4,109,999

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Pavilion – THS, LLC (a limited liability company), HUD Project No. 086-22042, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

NONE





INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROLS

To the Member of Pavilion – THS, LLC

We have audited the accompanying financial statements of Pavilion – THS, LLC (a limited liability company) HUD Project No. 086-22042, as of and for the for the years ended December 31. 2016 and 2015, and have issued our report thereon dated March 17, 2017. We have also audited the company's compliance with specific program requirements that could have a direct and material effect on each of its major U.S. Department of Housing and Urban Development (HUD)-assisted programs for the year ended December 31, 2016, and have issued our reports thereon, dated March 17, 2017.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Consolidated Audit Guide for Audits of HUD Programs* ("Guide"), issued by the HUD Office of the Inspector General. Those standards and the Guide require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether Crestview — THS, LLC complied with the compliance requirements referred to above that could have a direct and material effect on a major HUD-assisted program.

Management of the Company is responsible for establishing and maintaining effective internal control over financial reporting and internal control over compliance with the compliance requirements referred to above. In planning and performing our audits of the financial statements and compliance, we considered the Company's internal control over financial reporting and its internal control over compliance with the specific program requirements that could have a direct and material effect on a major HUD-assisted program to determine the auditing procedures for the purpose of expressing our opinions on the financial statements and compliance but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting and internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control over financial reporting and internal control over compliance.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct (1) misstatements of the entity's financial statements or (2) noncompliance with specific program requirements of a HUD-assisted program on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that (1) a material misstatement of the entity's financial statements or (2) material noncompliance with specific program requirements of a HUD-assisted program will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting and internal control over compliance was for the limited purpose described in the third paragraph of this report and was not designed to identify all deficiencies in Internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses as defined above.

This report is intended solely for the information and use of the Member, management and the Department of Housing and Urban Development and is not intended to be and should not be used by anyone other than these specified parties.

Demosey Wantream + Fallis PSPC

Murfreesboro, Tennessee

March 17, 2017





INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE TO MAJOR HUD PROGRAMS

To the Member of Pavilion – THS, LLC

We have audited Pavilion – THS, LLC (a limited liability company) HUD Project No. 086-22042, compliance, with the specific program requirements governing federal financial reports, mortgage status, replacement reserve, security deposits, cash receipts and disbursements, distributions to owners, management functions and tenant application that are applicable to each of its major HUD-assisted programs for the year ended December 31, 2016 Compliance with those requirements is the responsibility of the Partnership's management. Our responsibility is to express an opinion on compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the Consolidated Audit Guide for Audits of HUD Programs (the "Guide") issued by the U.S. Department of Housing and Urban Development, Office of the Inspector General. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the requirements referred to above that could have a direct and material effect on a major HUD-assisted program occurred. An audit includes examining, on a test basis, evidence about the Company's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Company's compliance with those requirements.

As described in the accompanying schedule of findings and responses, Pavilion – THS, LLC did not comply with requirements regarding the HUD loan as further described in finding 2016-1 and 2016-2. Compliance with such requirements is necessary, in our opinion, for Pavilion – THS, LLC to comply with the requirements applicable to that program.

In our opinion, the Company complied, in all material respects, with the requirements referred to above, except as noted, that are applicable to its major HUD-assisted program for the year ended December 31, 2016.

This report is intended solely for the information and use of the Member, management, and the Department of Housing and Urban Development and is not intended to be and should not be used by anyone other than these specified parties.

Murfreesboro, Tennessee

Dumpsey Namhean & Follow PSPC

March 17, 2017

PAVILION - THS, LLC **HUD PROJECT NO. 086-22042** SCHEDULE OF FINDINGS AND RESPONSES YEAR ENDED DECEMBER 31, 2016

Section I - Summary of Auditor Results

Type of report issued: unmodified

Internal control over financial reporting:

Material weakness identified?

No

Significant deficiencies identified that are not considered material weaknesses

Yes

Noncompliance material to financial statements noted:

No

Section II - Financial Statement Findings

None

Section III - Compliance Findings

Finding #2016-1

Disbursements to the members should be made semiannual based on the HUD Regulatory agreement.

Disbursements to the members are made more frequently than semi annually.

There was a misinterpretation of the distribution rules during the initial period of HUD operations.

Disbursements to the members exceeded the allowable amount per the semiannual surplus cash calculations:

Recommendation

Management should limit disbursement to a semiannual basis.

PAVILION – THS, LLC HUD PROJECT NO. 086-22042 SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED) YEAR ENDED DECEMBER 31, 2016

Finding #2016-2

Criteria

Annual financial statements are to be submitted to the HUD Regulatory agreement.

Condition

Annual financial statements were not submitted to the HUD Regulatory agreement timely

Cause

There was a misinterpretation of the procedures to submit the HUD Annual financial statements through REAC.

Effect

Annual financial statements were not submitted to the HUD Regulatory agreement timely.

Recommendation

Management should implement training procedures to ensure personnel are aware of HUD requirements and processes.

Comments on Prior Audit Findings and Related Resolutions

Finding #2015-1

Condition

Disbursements to the members are made monthly.

Recommendation

Management should limit disbursement to a semiannual basis.

Current year update - No changes noted during the current year audit.

Finding #2015-2

Condition

Disbursements to the members exceeded are being made based on review of monthly surplus cash calculations.

Recommendation

Management should limit disbursement to a semiannual basis.

<u>Current year update</u> - No changes noted during the current year audit; however draws were not in excess of the amount available based on the semiannual calculations.

PAVILION - THS, LLC (A LIMITED LIABILITY COMPANY) HUD PROJECT NO. 086-22042

MEMBER'S CERTIFICATION

We hereby certify that we have examined the loregoing financial statements and supplemental data of Pavilion – THS, LLC (a fimited liability company); HUD Project No. 086-22042 and, to the best of our knowledge and belief, they are complete and accurate.

General Member

Date:

DATE

Corporate Employer Identification Number: 45-3453806

CRESTVIEW - THS, LLC (A LIMITED LIABILITY COMPANY) HUD PROJECT NO. 045-22037

CERTIFICATION BY MANAGEMENT AGENT

I heroby certify that I have examined the foregoing financial statements and additional information of Crestview – THS, LLC's (a limited liability company) HUD Project 045-22037 and, to the best of my knowledge and belief, they are complete and accurate.

Signature of Management Agent's Representative

Printed Name and Title

Stein and Associates, LLC 8520 South 36th Terrace Fort Smith, Arkansas 79208

Corporate Employer Identification Number: 64-0913971

Attachment Section B Contribution to the Orderly Development of Health Care - D-1

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	Authors &	to the provisions of Chap and shall be subject to re	County of WILSON This license	Socated at 1406 MEDIC.	PAVILION-T and maintain a Hursing Home.	onco 1
131	laws of the State of Tennes of Kealth issued thereunder. In Oltmess Ollereof, we	ter 11, Tennessee Ocde A rocation at any time by the	WILSON Wicemse shall equive MAT	1406 MEDICAL CENTER DRIVE, LEBANON	PAVILION-THS, LLC THE PAVILION	Ones is to certify, that a beense
of the state of th	laws of the State of Tennessee or the rules and requ of Kealth issued thereunder. In Oltmess Ollierof, we have bereunto set our ha	to the provisions of Chapter 11, Tennessee Code Annotated. This license shall not and shall be subject to revocation at any time by the State Department of Kealth,	, Femmesdese, ICH 24			license is hereby granted by
* \ C \ Z - 1	lations of the later of the lat	all not be assignable or transferable balls for failure to comply with the	2018 and	A-		the State Department of
CARE FACILITIE	Epartment	ansferable,	is subsect		to conduct	l Health to

(COMMISSIONER

Proof of Publication

The newspapers of **Tennessee** make public notices from their printed pages available electronically in a single database for the benefit of the public. This enhances the legislative intent of public notice - keeping a free and independent public informed about activities of their government and business activities that may affect them. Importantly, Public Notices now are in one place on the web (www.PublicNoticeAds.com), not scattered among thousands of government web pages.

County: Wilson

Printed In: Lebanon Democrat, The

Printed On: 2017/08/10

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with TCA 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that The Pavilion Senior Living - Rehabilitation and Long Term Care at Lebanon, an existing licensed skilled nursing home facility, owned by Pavilion-THS, LLC, with an ownership type of Tennessee limited liability company and to be managed by Stein & Associates, LLC, intends to file an application for a Certificate of Need for the addition of twenty (20) Medicare skilled nursing facility beds at the Applicant's existing sixty (60) bed nursing home, The Pavilion Senior Living - Rehabilitation and Long Term Care at Lebanon. Upon completion of this CON project, The Pavilion Senior Living - Rehabilitation and Long Term Care at Lebanon nursing home will have 80 licensed skilled nursing home beds. The existing nursing home is located at 1406 Medical Center Drive, Lebanon (Wilson County), Tennessee 37087. The estimated project cost is \$1,136,755. The Applicant will provide Medicare skilled nursing facility services in the proposed 20 nursing home beds. The anticipated filing date of the application is August 15, 2017. The contact person for this project is Hal Bone, the owner of Hal Bone Enterprises, LLC, who may be reached 680 Tennessee Boulevard, Lebanon, Tennessee 37087. Mr. Bone's telephone number is (615) 453-9912 and his e-mail address is halbone9912@gmail.com. Upon written request by interested parties, a local Fact-Finding public hearing shall be conducted. Written requests for hearing should be sent to: Health Services and Development Agency Andrew Jackson Building, 9th Floor 502 Deaderick Street, Nashville, Tennessee 37243 Pursuant to T.C.A. 68-11-1607(c)(1), (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

Public Notice ID:

AFFIDAVIT

STATE OF TENNEESSEE
COUNTY OF WILSON
HAL BONE, being first duly sworn, says that he/she is the
applicant named in this application or his/her/its lawful agent, that this project will be completed in
accordance with the application, that the applicant has read the directions to this application, the
Rules of the Health Services and Development Agency, and T.C.A. §68-11-1601, et seq., and that
the responses to this application or any other questions deemed appropriate by the Health
Services and Development Agency are true and complete.
Mor
SIGNATURE/TITLE
Sworn to and subscribed before me this day of day of day of a Notary a Notary
Public in and for the County/State of
My commission expires (Month Pay) County (Year)

Supplemental #1 (COPY)

Pavilion-THS, LLC

CN1708-026

SUPPLEMENTAL #1 August 28, 2017 11:27 am

PAVILION-THS, LLC 600 Tennessee Blvd. Lebanon, Tennessee 37087

August 28, 2017

Mr. Mark Farber Tennessee Health Services and Development Agency Andrew Jackson Building, 9th Floor 502 Deaderick Street Nashville, TN 37243 Via Hand Delivery

RE:

Certificate of Need Application CN1708-026

Pavilion-THS, LLC (Applicant/Licensee)

The Pavilion Senior Living - Rehabilitation and Long Term Care at Lebanon (Facility)

Dear Mr. Farber:

Set forth below are the responses of Pavilion-THS, LLC, the applicant in Certificate of Need Application CN1708-026, to the request for information dated August 22, 2017. We have filed these in triplicate, as you directed, along with an affidavit regarding the responses. If you have any questions or need additional information, please advise.

1. Section A, Applicant Profile, A.1

The Letter of Intent identifies the applicant as Pavilion-THS, LLC while the application lists the name of the facility as The Pavilion Senior Living – Rehabilitation and Long Term Care at Lebanon.

Please address this discrepancy.

RESPONSE:

The Letter of Intent Form asks for (1) Name of Applicant and (2) owner of Applicant. The name of the Applicant is Pavilion-THS, LLC, which is the owner and operator/licensee of the Facility. The owner of Applicant is Total Healthcare Systems, LLC.

The Certificate of Need Application Form is slightly different in that it asks for (1) Name of Facility, Agency or Institution and (2) Owner of the Facility, Agency or Institution.

The Name of the Facility is The Pavilion Senior Living – Rehabilitation and Long Term Care at Lebanon and the owner of the facility is Pavilion-THS, LLC. Because Pavilion-THS, LLC is also the licensee of the facility, it is also the applicant. Total Healthcare Systems, LLC is the sole owner of Pavilion-THS, LLC. Please see the organizational chart attached hereto as Attachment A, Applicant Profile, A.1.

2. Section A, Executive Summary, Overview, A.1

Please explain why the applicant chose not to propose that all 20 additional beds be placed in private rooms.

RESPONSE:

Constructing an additional wing with 20 private bed rooms would not be consistent with the State's requirement that in order to obtain a certificate of need a project must contribute to the orderly development of adequate and effective health care in the service area. First, the existing land on which the applicant proposes to construct the new wing is not large enough to accommodate 20 private rooms, so additional resources would have to be spent to secure additional land. Second, an all private room wing is not economically feasible in that all rooms would not be fully occupied. applicant's desire is to accommodate the cultural shift to placing short-term residents in private rooms, it believes it has struck a balance by adding 6 private rooms included in the proposed 20 beds to the existing 8 private rooms such that the facility has 14 private rooms. This plan is still economically feasible while also allowing for additional private beds. As the projected data demonstrates, all private rooms will not be occupied by private-pay residents (and thus, applicant will not realize full revenue for all of the private beds). Notwithstanding this metric, the applicant feels it is important to provide a way for Wilson County residents to stay in the area for post-acute care so that their families and treating physicians are close by.

Please explain in more detail on how the nursing home addition will provide a residential home-like environment, while at the same time maximizing safety and independence.

RESPONSE:

The new wing, which is intended to be very similar to an existing wing in order to complement the facility, will provide the highest level of skilled care, but in a setting that does not look or feel like a traditional nursing home. As stated in the original application, the applicant chose to build a very different kind of facility in 2009 and that theme will carry through the construction of the proposed new wing.

By way of example, residents in the new wing (like the existing similar wing) would have the option to eat their meals at café tables in a common dining space with vaulted ceilings. That common area also has couches and big screen TVs for leisure time as well as a full kitchen that residents may use. Further, the entire nursing home is equipped with Wi-Fi.

3. Section A, Executive Summary, Overview, A.5.

On page 2 of the application there is reference to a cost per square foot of \$136.30. On page 4 there is reference to project cost per square foot of \$111.11. Please explain how these costs per square foot differ.

RESPONSE:

There are several references through the application regarding costs and costs per square foot, which are summarized in the chart below:

Cost Category	Cost	Cost per Square Foot
Construction Costs without Contingency Fund	\$926,729	\$111.11
Construction Costs including Contingency Fund	\$976,729	\$117.11
Estimated Project Cost (D from Project Cost Chart) (does not include CON Filing Fee)	\$1,136,755	\$136.30
Total Estimated Project Cost (F from Project Cost Chart) (includes CON Filing Fee)	\$1,151,755	\$138.10

4. Section A, Executive Summary, Rationale for Approval B.1. Need

In 2012, the applicant filed a CON application (CN1204-016) to add 24 nursing home beds. The application was heard at the September 2012 Agency meeting and was unanimously denied because the application did not meet the statutory criteria of need, economic feasibility, and contribution to the orderly development of healthcare.

What factors have changed between 2012 and 2017 that now makes adding 20 beds a needed project?

RESPONSE:

The most material change since 2012 is in connection with need due to population growth. As shown on <u>Attachment Section A</u>, <u>Executive Summary</u>, <u>Rationale for Approval B.1. Need</u>, the growth trend for the Nashville Metro Area predicts population of 2.6 million people by 2035. The bed need in Wilson County has increased dramatically since 2012 and will continue to increase through 2019 (when the 20 additional beds would be open) and into the foreseeable future.

As set forth in Attachment Section A, Executive Summary, Rationale for Approval B.1. Need (and summarized in the chart below), the net bed need in the Service Area of Wilson County in 2012 was 37 beds. The net bed need in the Service Area in 2017 is 202.7 bed (an increase of 448%). The net bed need in the Service Area in 2019 will be

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277 beds. The bed need change from 2012 until 2019 (when the proposed wing would be open) is 240 beds, an <u>increase of over 548%</u>. From 2019 through 2029, the bed need continues to increase at rates between 19% and 28.8% every 2 years.

Wilson County	2012	2012	2017	2017	2019	2019
Age - Formula/Year	Pop	Need	Pop	Need	Pop	Need
0-64 (x .0004)	103,441	41.37	110,489	44.2	112,976	45.2
65-74 (x .01)	9,889	98.89	13,229	132.3	14,391	143.9
75-84 (x .04)	4,298	171.92	5,755	230.2	6,670	266.8
85+ (x .15)	1,538	230.7	2,013	302	2,180	327
TOTAL	119,166	542.88	131,486	708.7	136,217	782.9
POPULATION AND				e e		
NEED						20
Existing Wilson		506		506		506
County Beds				W		
BED NEED		37		202.7		277
Net Bed Need Change		22		165.7	7	74.3
Ned Bed Need		-		448% increase		37% increase from
Percentage Increase				from 2012		2017
				=		548.6% increase from 2012

Source - University of Tennessee Center for Business and Economic Research Population Data Files, Reassembled by the Tennessee Department of Health, Division of Policy, Planning and Assessment

The chart set forth below also projects that the population growth from 2012 - 2019 and for the years following 2019 is concentrated in the 65+ age group -- the Wilson County citizens most likely to require the services of the nursing home.

Wilson County Age	2012 Pop	2019 Pop	Increase from 2012 - 2019	2021 Pop	Increase from 2019 - 2021	2023 Pop	Increase from 2021 - 2023	2025 Pop	Increase from 2023 - 2025
0-64	103,441	112,976	9,535	115,241	2,265	117,421	2180	119,452	2,031
			9.2%		2%		1.9%		1.7%
65-74	9,889	14,391	4502	15,838	1447	16,749	911	17,991 1,242 7.4%	1,242
			45.5%		10%		5.75%		7.4%
75-84	ludes	6,670	2,372	7,400	730	8,711	1311	9,784	1073
			55.2%		10.9%		17.7%		12.3%
85+	1,538	2,180	642	2,413		2682	269	2,996	314
			41.7%		10.7%		11.1%		11.7%
TOTAL	119,166	136,217	17,051	140,892	4,675	145,563	4,671	150,223	4,660
			14.3%		3.4%		3.3%	,	3.2%

Source - University of Tennessee Center for Business and Economic Research Population Data Files, Reassembled by the Tennessee Department of Health, Division of Policy, Planning and Assessment

As set forth in the applicant's original application, Wilson County is the third-fastest growing county in Tennessee, and since 2012, companies including Amazon, Starbucks, CEVA Logistics Center, SO.F.TER and Hollisters' have located fulfillment, distribution

and manufacturing centers in Wilson County. Additionally, a number of ceramic tile facilities have located in Lebanon since 2012. In 2014, Tecnotiles, Inc., an Italian tile-finishing firm, announced a \$3 million investment to launch its U.S. operations in Lebanon. In late 2015, Wonderful Group, a Chinese manufacturer of porcelain tiles, announced its intention to invest \$150 million to build its first U.S. operations in Lebanon (which also represents the largest capital investment made by a Chinese-based project in Tennessee's history) (https://www.cumberlandcenterlebanon.com/cumberland-centerlebanon-news/entry/150m-investment-in-lebanon-largest-ever-in-tennessee-for-a-china-based-company). Currently, the Wonderful Porcelain plant has 50-60 employees and when it begins full production a workforce of 175-225 is anticipated (http://www.chinadaily.com.cn/business/2017-08/15/content_30622789.htm). Additional area-wide growth is demonstrated by the growth of Cumberland University which experienced record-breaking enrollment numbers in the fall of 2016 with 1,963 enrolled students, a 27% growth from the fall of 2015.

The other major factor that has prompted the applicant to seek a certificate of need for 20 additional beds is the opening of the new assisted living and memory care facility (the "ALF") owned and operated by an affiliate of the applicant across a private drive from the nursing home. The ALF officially opened on August 18th and has 38 deposits out of 46 licensed units. As of the date hereof, 20 residents have moved into the ALF. The applicant expects the ALF to generate nursing home residents from within the Pavilion Community. The statistical analysis supports the fact that the need in 2019 and beyond is much greater than the need in 2012.

5. Section A, Project Details, Item A. Ownership

In the Letter of Intent Total Healthcare Systems, LLC is identified as the owner and in the application Pavilion-THS, LLC is identified as the owner.

Please address this discrepancy.

RESPONSE:

The Letter of Intent Form asks for (1) Name of Applicant and (2) owner of Applicant. The name of the Applicant is Pavilion-THS, LLC, which is the owner and operator/licensee of the Facility. The owner of Applicant is Total Healthcare Systems, LLC.

The Certificate of Need Application Form is slightly different in that it asks for (1) Name of Facility, Agency or Institution and (2) Owner of the Facility, Agency or Institution.

The Name of the Facility is The Pavilion Senior Living – Rehabilitation and Long Term Care at Lebanon and the owner of the facility is Pavilion-THS, LLC. Because Pavilion-THS, LLC is also the licensee of the facility, it is also the applicant. Total Healthcare Systems, LLC is the sole owner of Pavilion-THS, LLC. Please see the organizational chart attached hereto as <u>Attachment A</u>, <u>Applicant Profile</u>, <u>A.1</u>.

6. Section A, Project Details, Item 5. Management/Operating Entity

Please provide a brief overview of Stein & Associates, LLC and their experience in managing nursing homes.

RESPONSE:

Stein & Associates has over 17 years of experience managing nursing homes in West Virginia, Tennessee, Arkansas and Texas. Stein and Associates currently manages nine (9) nursing homes.

Stein and Associates was founded by two individuals, Paul Stein and James Stein, whose mother served as a director of nursing and administrator of a long term care facility in Arkansas for thirty years. Paul and James formed their own management company to focus on providing a caring and quality environment for the communities served by Stein & Associates.

Paul is a licensed Nursing Home Administrator and has worked in the long term care industry for the past 15 years in several different capacities. Paul served as the administrator for a 244-bed skilled nursing facility with an average Medicare census of forty (40) residents in addition to a large out-patient therapy clinic attached to the facility. Paul also served for several years as a Regional Director with oversight of ten (10) facilities in Mississippi and Louisiana focusing on Medicare census development and therapy programs for those facilities. Paul's experience prior to forming Stein & Associates was serving for three (3) years as Director of Operations for a regional contract therapy company based in Tennessee to help grow their business and improve the company's relationships with their long term care clients by assisting them in maximizing Medicare reimbursement through an inter-disciplinary approach of care.

James is an Arkansas Tech University graduate and successfully completed the CPA exam in 1991. He has worked in public accounting and healthcare for over twenty years. James has experience in nursing home billing, accounting, cost reports, working as an accountant and CFO and has worked as a healthcare consultant assisting nursing homes with billing issues and maximizing revenue through clinical outcomes.

Paul and James have built a team of professionals including licensed nursing home administrators, registered nurses, certified MDS coders, certified public accounts and professionals trained to administer the new requirements from the Center of Medicare and Medicaid Services.

7. Section A, Project Details, Item 9

Please discuss why the applicant has chosen not to contract with TennCare Select.

RESPONSE:

The Applicant does not meet the requirements for participating in TennCare Select due to the fact that TennCare Select is a special statewide health plan that serves certain special populations as follows:

- Children under age 21 who receive SSI (Supplemental Security Income)
- Children under age 21 in State custody and children who have left State custody for six months post-custody as long as the children remain eligible
- Children under age 21 receiving long-term services and support
- TennCare members living in areas where there is insufficient capacity to serve them
- TennCare members temporarily living out of state

The Applicant's mission, as stated below, is to serve elderly and frail residents.

Mission Statement: "Pavilion Senior Living's mission is to provide high quality services to seniors. We are committed to improving the quality of life for those we serve. We focus on providing care tailored to meet the unique physical, emotional, and spiritual needs of our residents. We aim to be the most trusted provider of senior care services in our communities. See Mission Statement and Core Values in <u>Attachment Section A</u>, <u>Project Details, Item 9</u>.

The Applicant does participate in the managed care groups that service the TennCare population -- Amerigroup, UHC, and BlueCare (a BlueCross BlueShield product for adults). TennCare Select is also a BlueCross BlueShield product, but for children.

8. Section B, Need, Item A

Nursing Home Services Specific Criteria:

Item 1 Determination of Need

Please provide a copy of the latest standardized TDH bed need chart that indicates the results of the nursing home need formula for Wilson County.

RESPONSE:

Applicant has not yet been able to obtain this chart from Tennessee Department of Health but will supplement this response letter.

Item 8: Encouraging Facility Modernization

What is the age of the existing 60 bed nursing home? When was the last expansion or renovation?

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RESPONSE:

The existing nursing home was constructed in 2009. There has not been an expansion or renovation since 2009.

Please discuss the square footage in the current private and semi-private rooms and how it compares to the square footage of the proposed private and semi-private rooms.

The square footage of the proposed private and semi-private rooms is very comparable to the square footage of the proposed private and semi-private rooms. The proposed additional wing was contemplated when the facility was built in 2009, it has been the applicant's desire to replicate an existing wing so that it has the same feel and touch as the existing wing. As stated in the original application, the kitchen and common areas are larger than required for the existing facility and can accommodate the proposed wing and additional beds. The construction of the proposed new wing meets the criteria for contribution to the orderly development of healthcare.

RESPONSE:

Item 11: Access

The application states that the "model targets individuals who are Medicare qualified beneficiaries seeking skilled nursing and rehabilitation services"; however, the applicant's proposed payor mix identities Medicare as 20% and TennCare/Medicaid as 50%.

Please discuss.

RESPONSE:

The applicant anticipates an increase in the patient mix for Medicare and Managed care residents requiring skilled and rehabilitation service and projects an increase in overall patient mix in those categories. However, the applicant recognizes that some of these residents may not be able to be discharged home after their Medicare stay is complete and may require short or long term placement in the nursing home. The Applicant's goal is to have more transitional beds available for hospitals and acute care facilities looking to place residents, although recognizing that the instability in such residents' medical conditions may not allow them to return home. The applicant has experienced a slight increase in its Medicaid census compared to private pay and estimates that more of these residents that convert to long term care will be Medicaid in the future.

Item 12: Quality Control and Monitoring

The full report for the applicant facility from Nursing Home Compare is noted. Please provide the same report for the other nursing homes in the service area.

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RESPONSE:

Please see <u>Attachment Section B, Need, Item A - Item 12</u> for the Nursing Home Compare reports for the other nursing homes in the service area.

9. Section B, Need, Item E.

Your response is noted. Please complete the following tables:

Wilson County Nursing Home Utilization-2015

Name	Lic. Beds	Beds- MCARE only- certified	Beds- Dually Certified	Beds Level 1 certified MCAID	Licensed Only Beds Non- Certified	SNF MCARE ADC*	Level 2 MCAI D ADC	skilled All other Payors ADC	Non- skilled ADC	Total ADC
Lebanon Health & Rehab Cntr.	60	60	0	0	0	25.54	0	2.35	6.15	34.07
Mt. Juliet Health Care Center	106	0	106	0	0	12.43	0	0	59.25	71.68
Quality Center for Rehab and Healing	280	80	0	200	0	37.09	14.19	3.65	189.60	244.53
The Pavilion	60	0	60	0	0	15.18	0	0	42.2	57.39
Total	506	140	166	200	0	90.24	14.19	6	297.2	407.64

Source: Nursing Home JAR, 2015 (legend: Medicare=MCARE; TennCare/Medicaid=MCAID)

Wilson County Nursing Home UtilizationTrends-2013-2015

Facility	Licensed	2013	2014	2015	'13- '15 %	2013 %	2014 %	2015 %
	Beds	Patient	Patient	Patient	change	Occupancy	Occupancy	Occupancy
		Days	Days	Days				
Lebanon Health &	60	11,974	11,682	12,426	3.77%	54.67%	53.34%	56.74%
Rehab Cntr.	(21,900)							
Mt. Juliet Health	106	30,771	27,901	21,162	-31.2%	79.5%	72.1%	54.7%
Care Center	(38,690)	1			3			
Quality Center for	280	85,645	85,290	89,253	4.2%	83.8%	83.5%	87.3%
Rehab and Healing	(102,200)							
The Pavilion	60	21,577	21,309	20,946	-2.9%	98.5%	97.3%	98.6%
	(21,900)							
Total	506	149,967	146,182	143,787	-4.1%	81.2%	79.1%	77.9%
	(184,690)		11					

Source: Nursing Home JAR, 2013-2015

^{*}Calculated by Total SNF MCare days / 365

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Service Area Patient Accommodation Mix-2015 JAR

Nursing Home	Licensed Beds	Total Private Beds	Total Semi- Private Beds	Total Companion Beds	Ward Beds
Lebanon Health & Rehab Cntr.	60	8	52	0	0
Mt. Juliet Health Care Center	106	1	105	0	0
Quality Center for Rehab and Healing	280	24	256	0	0
The Pavilion	60	8	52	0	0
Total	506	41	465	0	0

Source: Nursing Home JAR, 2015

10. Section C, Need, Item F.

Your response to this item is noted. Please complete the following charts:

Proposed 20 beds -Projected Utilization

Year	Licensed Beds	*Medicare - certified beds	SNF Medicare ADC	Level 2 Medicaid ADC	SNF All other Payors ADC	Non- Skilled ADC	Total ADC	Licensed Occupancy %
1 2019)	20	20	4.61	0	3.07	7.68	15.36	76.8%
2 (2020)	20	20	4.5	0	3.6	9.9	18	90%

^{*} Includes dually-certified beds

80 Bed Facility-Projected Utilization

Year	Licensed Beds	*Medicare - certified beds	SNF Medicare ADC	Level 2 Medicaid ADC	SNF All other Payors ADC	Non- Skilled ADC	Total ADC	Licensed Occupancy %
1 (2019)	80	80	21.98	0	7.33	43.95	73.26	91.6%
2 (2020)	80	80	22,76	0	7.59	45.53	75.88	94.9%

^{*} Includes dually-certified beds

Please discuss in detail how it was projected that average daily census will increase by 18 patients between 2018 and 2019.

RESPONSE:

The applicant anticipates that the addition will be completed at the end of 2018 and will fill up rapidly beginning in January 2019. The occupancy rate for the facility has been over 92% every year since 2014, so the applicant estimates that the 20 additional beds will result in an increase of 18 residents. The applicant believes the fill up will be rapid based on the current census and demand for beds experienced in the historical period beginning in 2014 combined with the addition of the assisted living facility across the private drive which will have residents that may require skilled care. During the middle of 2015, the applicant made the decision to try to keep more beds open for transitional residents which resulted in a slight decrease in overall census in the subsequent years. With the addition of the proposed 20 beds, the facility would have adequate beds to allow more transitional residents to be placed at the facility and provide a long term home for

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some of the residents from the assisted living who may no longer be as independent and may require skilled care.

11. Section B, Economic Feasibility, Item B. Funding

The letter from Pinnacle Asset Management verifying the applicant has \$1 million available for the proposed project is noted. However, please provide a revised letter that includes the expected interest rates, anticipated term of the loan, and any restrictions or conditions.

RESPONSE:

Please see <u>Attachment Section B</u>, <u>Economic Feasibility</u>, <u>Item B</u>. <u>Funding</u> for a revised letter from Pinnacle Asset Management.

12. Section B, Economic Feasibility, Item C - Historical Data Chart

The Historical Data Chart is noted. However, there is no thousands separator or digit group separator in the Historical Data Chart. Please include commas to assist the reader in viewing large numbers and submit a revised Historical Data Chart pages 31 (31R) and 32 (32R).

RESPONSE:

Please see revised pages 31 (31R) and 32 (32R) attached hereto as <u>Attachment Section B</u>, <u>Economic Feasibility</u>, <u>Item C - Historical Data Chart</u>.

There appears to be numerous calculation errors in the Years 2014, 2015, and 2016 in the Historical Data Chart. Please include the corrections in the revised pages 31 (31R) and 32 (32R).

RESPONSE:

Please see revised pages 31 (31R) and 32 (32R) attached hereto as <u>Attachment Section B</u>, <u>Economic Feasibility</u>, <u>Item C - Historical Data Chart</u>.

Please explain why there are no provisions for charity care.

RESPONSE:

Pursuant to T.C.A. 68-11-266, all licensed nursing home operators must develop a concise statement of its charity care policies and must post such statement. Applicant has posted that it does do not provide charity care under such regulation. However, like other similar facilities, the applicant experiences bad-debt write-offs for residents who are unable to pay for their care.

Please explain what is included in the rent expense.

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RESPONSE:

The rent expense is for 2 storage units applicant historically rented for maintenance supplies and equipment and 1 climate-controlled unit for the storage of medical records. The annual cost for the rentals of those units has been approximately \$3,000 for the prior 3 years. Applicant has now built a maintenance shed on the property so the only remaining storage unit will be for medical records, which is the remaining annual rental fee of \$1,188 set forth in the Projected Data Charts.

Please explain why the management fee is only \$9,000. According to the management agreement the annual fee is \$90,000.

RESPONSE:

The original application contained typos in pages 31 and 32. Please see revised pages 31 (31R) and 32 (32R) attached hereto as <u>Attachment Section B</u>, <u>Economic Feasibility</u>, <u>Item C</u> - Historical Data Chart.

13. Section B, Economic Feasibility, Item D - Projected Data Chart

The Total Facility and Project Only Projected Data Charts are noted. However, there is no thousands separator or digit group separator in the figures in the charts. Please include commas to assist the reader in viewing large numbers and submit revised Projected Data Charts pages 34 (34R), 35 (35R), 36 (36R), and 37 (37R).

RESPONSE:

Please see revised pages 34 (34R), 35 (35R), 36 (36R), and 37 (37R) attached hereto as Attachment Section B, Economic Feasibility, Item D - Projected Data Chart.

Total Facility

Please explain why there are no provisions for charity care.

RESPONSE:

Pursuant to T.C.A. 68-11-266, all licensed nursing home operators must develop a concise statement of its charity care policies and must post such statement. Applicant has posted that it does do not provide charity care under such regulation. However, like other similar facilities, the applicant experiences bad-debt write-offs for residents who are unable to pay for their care.

Please explain what is included in the rent expense.

RESPONSE:

The rent expense is for 2 storage units applicant historically rented for maintenance supplies and equipment and 1 climate-controlled unit for the storage of medical records.

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The annual cost for the rentals of those units has been approximately \$3,000 for the prior 3 years. Applicant has now built a maintenance shed on the property so the only remaining storage unit will be for medical records, which is the remaining annual rental fee of \$1,188 set forth in the Projected Data Charts.

Please explain why the management fee is \$120,000. According to the management agreement the annual fee is \$90,000.

RESPONSE:

Please see attached as Attachment Section B, Economic Feasibility, Item D - Projected Data Chart - Management Agreement Amendment an amendment to the Management Agreement which indicates that the Management Fee was increased effective as of January 1, 2017 for the existing facility, and that increase will carry through the addition of the proposed new wing. The management fee increase was required for Stein & Associates to begin consulting on the development of the proposed new wing.

Project Only

Please explain why there are no provisions for charity care.

RESPONSE:

Pursuant to T.C.A. 68-11-266, all licensed nursing home operators must develop a concise statement of its charity care policies and must post such statement. Applicant has posted that it does do not provide charity care under such regulation. However, like other similar facilities, the applicant experiences bad-debt write-offs for residents who are unable to pay for their care.

Please explain why no rent expense or management fees have been allocated to the bed addition.

RESPONSE:

The management fees increased effective as of January 1, 2017 for the existing facility, and that increase will carry through the addition of the proposed new wing. The management fee increase was required for Stein & Associates to begin consulting on the development of the proposed new wing.

The storage unit rental is needed in 2019 for the existing facility so that amount has been placed on the Projected Data Chart for the Total Facility.

The 2019 total for "other expenses" on page 37 appears to calculate to \$918,173 rather than \$939,973. The new figure will need to be placed in line D.6 for 2019 in the Projected Data Chart. The new figure will change the remaining figures in the Projected Data Chart. Please correct and submit a revised page 36 and 37 labeled as 36R and 37R.

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RESPONSE:

Please see revised pages 36 (36R) and 37 (37R) attached hereto as <u>Attachment Section B</u>, Economic Feasibility, Item D - Projected Data Chart.

14. Section B. Economic Feasibility Item F.2 Net Operating Margin Ratio

The Net Operating Margin Ratios for 2015, 2016, Year One, and Year Two appears incorrect. Please revise to reflect corrected Historical Data Chart and Projected Data Chart and submit a revised page 40 labeled as "40R".

RESPONSE:

Please see revised page 40 (40R) attached hereto as <u>Attachment Section B, Economic Feasibility</u>, Item F.2 Net Operating Margin Ratio.

15. Section B. Economic Feasibility Item H. Staffing

The staffing chart on page 41 is noted. However, there appears to be a slight calculation error for total staff in 2017. It appears the total staff figure is 69.0. Please verify and submit a replacement labeled "41R".

RESPONSE:

Please see revised page 41 (41R) attached hereto as <u>Attachment Section B</u>, <u>Economic Feasibility</u>, <u>Item H. Staffing</u>.

16. Section B. Quality Measures

Please discuss the applicant's commitment to the proposal in meeting appropriate quality standards by addressing each of the following factors:

(a) Whether the applicant commits to maintaining an actual payor mix that is comparable to the payor mix projected in its CON application, particularly as it relates to Medicare, TennCare/Medicaid, Charity Care, and the Medically Indigent;

RESPONSE: The applicant commits to maintaining an actual payor mix that is comparable to the payor mix projected in its CON application, particularly as it relates to Medicare, TennCare/Medicaid, Charity Care, and the Medically Indigent;

(b) Whether the applicant commits to maintaining staffing comparable to the staffing chart presented in its CON application;

RESPONSE: The applicant used its proforma to project out the staff required for the nursing home with the addition of 20 beds. The applicant commits to maintaining staffing comparable to the staffing chart presented in its CON application;

(c) Whether the applicant will obtain and maintain all applicable state licenses in good standing;

RESPONSE: The applicant will obtain all approvals required by the state to add the proposed 20 beds, including approval of the plans, inspections and obtaining a new license reflecting all 80 beds. The applicant commits to maintaining all state licenses in good standing.

(d) Whether the applicant will obtain and maintain TennCare and Medicare certification(s), if participation in such programs was indicated in the application;

RESPONSE: The applicant will maintain its Medicare and TennCare certifications on the existing 60 beds and will apply for both Medicare and TennCare certification for the proposed additional 20 beds.

(e) Whether an existing healthcare institution applying for a CON has maintained substantial compliance with applicable federal and state regulation for the three years prior to the CON application. In the event of non-compliance, the nature of non-compliance and corrective action shall be considered;

RESPONSE: The applicant has maintained substantial compliance with applicable federal and state regulations for the three years prior to the CON application. The only deficiency applicant experienced in the last 3 years was a minor life safety code deficiency 2 years ago which was immediately fixed and the facility deemed in compliance by the life safety board.

(f) Whether an existing health care institution applying for a CON has been decertified within the prior three years. This provision shall not apply if a new, unrelated owner applies for a CON related to a previously decertified facility;

RESPONSE: The facility was not decertified in the prior three years.

- (g) Whether the applicant will participate, within 2 years of implementation of the project, in self-assessment and external peer assessment processes used by health care organizations to accurately assess their level of performance in relation to established standards and to implement ways to continuously improve.
- (h) Whether the applicant will participate, within 2 years of implementation of the project, in self-assessment and external peer assessment processes used by health care organizations to accurately assess their level of performance in relation to established standards and to implement ways to continuously improve.

1. This may include accreditation by any organization approved by Centers for Medicare and Medicaid Services (CMS) and other nationally recognized programs. The Joint Commission or its successor, for example, would be acceptable if applicable. Other acceptable accrediting organizations may include, but are not limited to, the following:

For Nursing Home projects, whether the applicant has documented its existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring systems, including in particular details on its Quality Assurance and Performance Improvement program. As an alternative to the provision of third party accreditation information, applicants may provide information on any other state, federal, or national quality improvement initiatives.

RESPONSE: The applicant commits to participate, immediately upon implementation of the project, and on an ongoing basis, in self-assessment and external peer assessment processes used by health care organizations to accurately assess their level of performance in relation to established standards and to implement ways to continuously improve. The applicant currently uses, and will continue to use, the American Health Care Association's LTC Trend Tracker which provides one place for all reporting plus allows access to all government data collected by the Centers for Medicare and Medicaid Services (CMS) on skilled nursing centers. With LTC Trend Tracker, the applicant is able to monitor its progress on quality measures, Five-Star ratings, AHCA/NCAL Quality Initiative goals, hospital readmission rates and other standards. The applicant prides itself on its high quality standings, particularly its #1 ranking by AHCA and NCAL, and will continue to track quality measures and share that data to ensure it is meeting its goals with respect to quality of care.

The applicant currently implements a Quality Assurance and Performance Improvement (QAPI) Plan at the nursing home and will continue to do so.

17. Proof of Publication

Your response to this item is noted; however, please submit a copy of the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit which is supplied by the newspaper as proof of the publication of the letter of intent.

RESPONSE:

Please see Attachment - Proof of Publication.

Thank you and please do not hesitate to contact me with further questions.

Sincerely,

Hal Bone

Attachments

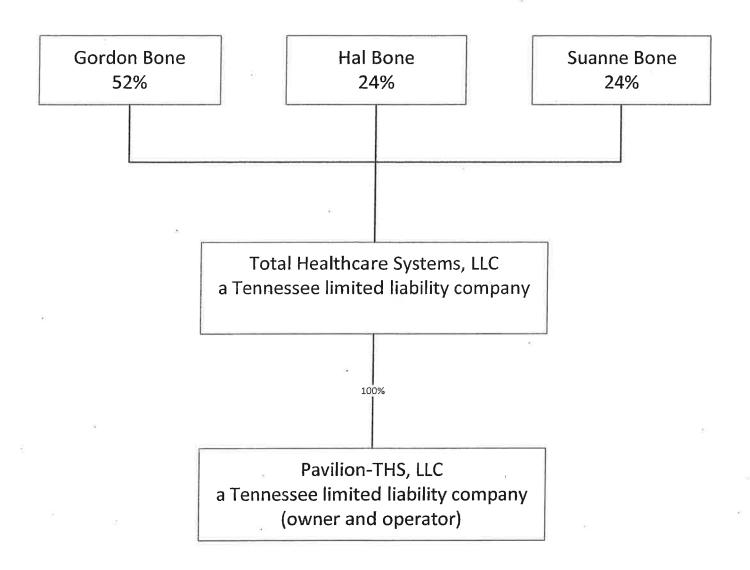
INDEX OF ATTACHMENTS

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Attachment Section B, Economic Feasibility Item C - Historical Data Chart	Historical Data Chart
Attachment Section B, Economic Feasibility Item D - Projected Data Chart	Projected Data Chart
Attachment Section B, Economic Feasibility Item D - Projected Data Chart	Management Agreement Amendment
Attachment Section B, Economic Feasibility Item F.2 Net Operating Margin Ratio	Net Operating Margin Ratio
Attachment Section B, Economic Feasibility Item H. Staffing	Staffing Chart
Attachment - Proof of Publication	Proof of Publication

Attachment A, Applicant Profile, A.1 Organizational Chart

August 28, 2017

The Pavilion Senior Living 11:27 am Rehabilitation & Long Term Care Center

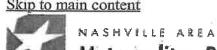


Attachment Section A, Executive Summary, Rationale for Approval B.1. Need

Growth Trent Graph and Need Chart

210

August 28, 2017 11:27 am



Metropolitan Planning Organization

- ADA/Title VI
- Media Relations
- Acronvms
- Home

Search

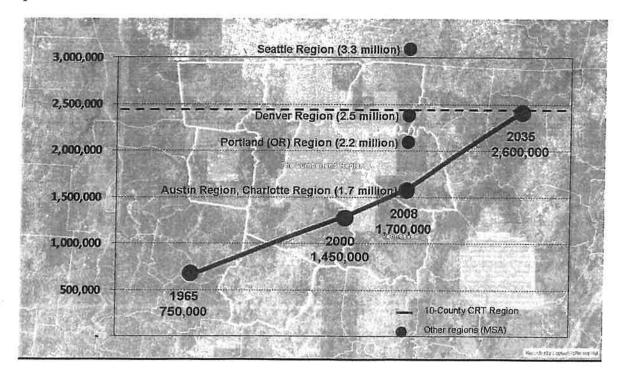


Regional Profile

The greater Nashville region is poised to grow by leaps and bounds over the next couple of decades. Across the 10-county Cumberland Region around Nashville, the MPO forecasts close to another million people by the year 2035. Where those people will live, work, and play and the socio-economic characteristics of those folks will significantly influence the need for investments into our region's roads, transit, and walking and bicycling infrastructure.

Growth Trend across the 10-County Cumberland Region

In planning for our future, we must realize that we will be different in the years to come. By 2035, our region will be larger than the size of the Denver region is today - that's the magnitude of growth for which we must plan.



Population & Employment Forecast for the 2Nashville Area MPQugust 28, 2017

	V /22-4	MDO	Davidson	Μ	Dahautaan	Dougle and and	11:	27 am	Wilson
	Year	MPO	Davidson	Maury	Robertson	Rutherford	Sumner	williamson	WHSON
	2006	1,394,928	613,856	77,550	61,708	230,980	148,534	159,094	103,206
People	2015	1,637,000	654,879	89,371	73,949	288,734	172,232	229,052	128,783
reopie	2025	1,904,300	702,871	101,595	87,563	349,083	197,500	308,328	157,360
	2035	2,174,914	752,326	114,005	101,324	409,986	223,124	387,970	186,179
4	2006	983,074	559,435	44,773	29,573	131,831	57,236	108,904	51,322
Jobs	2015	1,128,118	618,891	50,722	34,251	155,284	64,282	143,628	61,060
3003	2025	1,316,029	687,059	58,019	40,223	187,195	73,129	196,539	73,865
	2035	1,536,746	755,684	65,964	47,049	226,453	83,053	269,755	88,788
	2006	557,156	262,173	30,295	23,196	86,816	57,539	57,805	39,332
Households	2015	675,667	289,632	36,218	28,874	112,778	70,052	86,646	51,467
Households	2025	799,466	316,455	41,962	34,884	139,114	82,970	119,252	64,829
	2035	913,442	338,140	47,182	40,511	163,719	95,226	150,917	77,747

Source: Woods & Pool Economics

Related Resources

Regional Profile

- Regional Demographic Profile
- · Regional Indicators Report
- US Census Bureau □
- American Community Survey □

For More Information

Nicholas Lindeman Economic & Systems Data Analyst 615-862-7198 lindeman@nashvillempo.org

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1

8, 2017

Need Calculation

Increase	Percentage	Ned Bed Need	Change	Not Rad Nacd	BED NEED	Beds	Total Existing		The Pavilion	Care Center	Mt. Juliet Health	Health Center	Quality Care	and Rehabilitation Center	Lebanon Health	County	Existing Wilson		AND NEED	POPULATION	TOTAL	85+ (x.15)	75-84 (x .04)	55+74 (x.01)	#64 #x #004)	Prompayear	Willon County
Course This work of the course								10 PM P. C.					1					K. 11675+84			119,166	1,538	4,298	9,889	103,441	Pop	2012
		-			37	2.00	506		60		106		280		60		1	Section Control of			542.88	230.7	171.92	98.89	41.37	Need	2012
																					136,217	2,180	6,670	14,391	112,976	Pop	2019
		548.6%	240	340	277		506		60		106		280		60						782.9	327	266.8	143.9	45.2	Need	2019
																					140.892	2,413	7,400	15,838	115,241	Pop	2021
,		28.6%	/9.3	700	356.3	0	305		60		106		280		60					1	862.3	361.9	296	158.3	46.1	Need	2021
						18						6 0								3	145 563	2682	8,711	16,749	117,421	Pop	2023
		28.8%	102.8	1000	459.1	0	50%		60		106	ţ	280	•	. 60						965 1	402.3	348.4	167.49	46.9	Need	2023
																				100,000	150 223	2,996	9,784	17,991	119,452	Pop	2025
		22.5%	103.4	204.0	× 63×	500	202		60	(A)	106	000	780	52	60					1,000.5	1 068 5	449.4	391.4	179.9	47.8	Need	2025
											**									177,004	188 151	3.381	10,775	19,326	121,402	Pop	2027
	t o	28%	147.4	0/4	674	000	203		60	,	106	200	780		60					1,100.0	1 100 0	507 15	431	193.3	48.6	Need	2027
0																				139,400	000,051	3 906	11 720	20_417	123.437	Pop	2029
	1270	100%	128.3	802.3	2 200	306		00	60	100	106	280	200	(60					1,508.5	13003	5850	468.8	204.7	49 4	Need	2029

Source - University of Tennessee Center for Business and Economic Research Population Data Files, Reassembled by the Tennessee Department of Health, Division of Policy, Planning and Assessment

Attachment Section A, Project Details, Item 9

Mission Statement and Core Values



Senior Living You Can Trust

Mission Statement

Pavilion Senior Living's mission is to provide high quality services to seniors. We are committed to improving the quality of life for those we serve. We focus on providing care tailored to meet the unique physical, emotional, and spiritual needs of our residents. We aim to be the most trusted provider of senior care services in our communities.

Core Values

- TRUST: We intend to earn your trust by caring for your family with care and compassion.
- **RESPECT**: We promise to treat everyone with integrity and respect.
- **COMPASSION**: We commit to providing compassion and understanding as our residents are faced with the daily challenges of aging.
- **PERSONALIZED CARE**: We strive to protect our residents by providing the personalized level of care they need.
- **INTEGRITY**: We always promise to do the right thing for our residents, their families and our staff.

Attachment Section B, Need, Item A, Item 12 Nursing Home Compare Reports

Lebanon Health and Rehabilitation Center

Medicare.gov Nursing Home Chilipare

The Official U.S. Government Site for Medicare

General information

LEBANON HEALTH AND REHABILITATION CENTER



Overall rating 6: 4 out of 5 stars
Above Average

Learn more about the overall star ratings

731 CASTLE HEIGHTS COURT LEBANON, TN 37087 (615) 444-4319

Distance : 1.4 miles

Nursing Home information

60 certified beds

Not in a Continuing Care

Participates in 10: Medicare

Retirement Community

and Medicaid

(CCRC)

Automatic sprinkler systems

Not in a hospital

🛂 in all required areas: Yes

Resident council only

Learn why these characteristics and services are important

Ownership information

Ownership : For profit - Corporation

Legal business name: SSC LEBANON OPERATING COMPANY LLC

Star rating categories

View Health & Fire-safety Inspections tab

3 out of 5 stars **Average**

Staffing rating 🕖

3 out of 5 stars Average

Quality measures rating 1 Quality of resident care rating

5 out of 5 stars Much Above Average

Health & fire safety inspections

I EBANON HEALTH AND REHABILITATION CENTER

Nursing home information

60 certified beds

Learn more about the overall star ratings

220 Participates in

SUPPLEMENTAL #1

: Medicare and Medicaid
August 28, 2017

Health inspection 🗐

3 out of 5 stars **Average**

Date of standard health inspection:	09/14/2016 View Full Report
Date(s) of complaint inspection(s) between 8/1/2016 - 7/31/2017:	No Complaint Inspections
Total number of health deficiencies:	1
Average number of health deficiencies in Tennessee:	5.3
Average number of health deficiencies in the United States:	7.3
View all he	alth inspections

Mistreatment: 0 deficiencies found

No Mistreatment deficiencies were found during this inspection period.

Quality Care: 0 deficiencies found

No Quality Care deficiencies were found during this inspection period.

Resident Assessment: 0 deficiencies found

No Resident Assessment deficiencies were found during this inspection period.

TResident Rights: 0 deficiencies found

No Resident Rights deficiencies were found during this inspection period.

▼ Nutrition and Dietary: 1 deficiency found

Inspectors determined that the nursing home failed to:	Inspection Date	Date of Correction	Level of Harm	Residents Affected
Store, cook, and serve food in a safe and clean way	09/14/2016	10/15/2016	2 = Minimal harm or potential for actual harm	Many

How to Read a Deficiency Chart

View All Health Inspections

▼ Pharmacy Services: 0 deficiencies found

No Pharmacy Services deficiencies were found during this inspection period.

Environment: 0 deficiencies found

No Environment deficiencies were found during this inspection period.

Administration: 0 deficiencies found

No Administration deficiencies were found during this inspection period.

▼ Fire safety summary

professional contribution of the contribution	SUPPLEMENTAL #1			
Total number of Fire Safety Deficiencies for this nursing home:	Year and the second sec			
Average number of Fire Safety Deficiencies in Tennessee :	NOT AVAILABLE			
Average number of Fire Safety Deficiencies in the United States:	NOT AVAILABLE			
Range of Fire Safety Deficiencies in Tennessee :	NOT AVAILABLE			
View All Fire Safe	ety Inspections			
▼ Building Construction: NA deficiencies found				
Data currently not available f	or Fire Safety Inspections.			
▼ Interior Finish: NA deficiencies found				
Data currently not available for	or Fire Safety Inspections.			
Corridor Walls and Doors: NA deficiencies found				
Data currently not available for	or Fire Safety Inspections.			
▼ Vertical Openings: NA deficiencies found				
Data currently not available for Fire Safety Inspections.				
▼ Smoke Compartmentation and Control: NA deficience	cies found			
Data currently not available fo	or Fire Safety Inspections.			
▼ Hazardous Area: NA deficiencies found				
	The second of th			

Data currently not available for Fire Safety Inspections.

Exit and Exit Access: NA deficiencies found

August 28, 2017

Data currently not available for Fire Safety Inspection 1:27 am

Exit and Egress: NA deficiencies found	
Data currently not a	vailable for Fire Safety Inspections.
▼ Illumination and Emergency Power: NA def	iciencies found
Data currently not a	vailable for Fire Safety Inspections.
▼ Emergency Plans and Fire Drills: NA deficie	encies found
Data currently not a	vailable for Fire Safety Inspections.
▼ Fire Alarm Systems: NA deficiencies found	
Data currently not a	vailable for Fire Safety Inspections.
Automatic Sprinkler Systems: NA deficience	ies found
Data currently not a	vailable for Fire Safety Inspections.
▼ Smoking Regulations: NA deficiencies foun	d
Data currently not a	vailable for Fire Safety Inspections.
▼ Building Service Equipment: NA deficiencie	s found
s — III — Exals hills. (A) Al I () (A) A () ()	vailable for Fire Safety Inspections.
▼ Furnishing and Decorations: NA deficiencie	s found
Data currently not a	ailable for Fire Safety Inspections.

Laboratories: NA deficiencies found

SUPPLEMENTAL #1

Data currently not available for Fire Safety Inspection august 28, 2017

11:27 am

Medical Gases and Anesthetizing Areas: NA deficiencies found

Data currently not available for Fire Safety Inspections.

Electrical: NA deficiencies found

Data currently not available for Fire Safety Inspections.

Miscellaneous: NA deficiencies found

Data currently not available for Fire Safety Inspections.

Complaints and facility-reported incidents in the past 3 years

Inspectors determined that the nursing home failed to:	Inspection date	Date of correction	Level of harm	Residents affected
Provide necessary care and services to maintain the highest well being of each resident	03/31/2015	05/10/2015	3 = Actual harm	Few
Give residents proper treatment to prevent new bed (pressure) sores or heal existing bed sores.	03/31/2015	05/10/2015	3 = Actual harm	Few
Develop a complete care plan that meets all of a resident's needs, with imetables and actions that can be neasured.	03/31/2015	05/10/2015	3 = Actual harm	Few

Inspectors determined that the nursing home failed to:

Inspection date

Date of correction affected

Allow the resident the right to participate in the planning or revision of the resident's care plan.	03/31/2015	05/10/2015	2 = Minimal harm or potential for actual harm	Few
Have a program that investigates, controls and keeps infection from spreading	03/31/2015	05/10/2015	2 = Minimal harm or potential for actual harm	Few
Keep accurate, complete and organized clinical records on each resident that meet professional standards	03/31/2015	05/10/2015	2 = Minimal harm or potential for actual harm	Some

Staffing

LEBANON HEALTH AND REHABILITATION CENTER



Overall rating
4 out of 5 stars
Above Average

Learn more about the overall star ratings

Staffing

Higher staffing levels in a nursing home may mean higher quality of care for residents. This section provides information about the different types of nursing home staff and the average amount of time per resident that they spend providing care.

Get more information about the staffing measures Get more information about how to read the staffing chart

SUPPLEMENTAL #1

Staffing

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August 28, 2017 11:27 am

The information in this section includes registered nurses (RN), licensed practical/vocational nurses (LPN/LVN), certified nurse assistants (CNA), and physical therapists (PT). Physical therapists are not included in the "all staffing" star rating.

The "staffing" star rating takes into account that some nursing homes have sicker residents and may therefore need more staff than other nursing homes whose residents are not as sick.

	LEBANON HEALTH AND REHABILITATI CENTER	TENNESSEE AVERAGE ON	NATIONAL AVERAGE
Staffing rating	3 out of 5 stars Average		
Total number of residents	29	85.4	85.6
Total number of licensed nurse staff hours per resident per day	2 hours and 23 minutes	1 hour and 50 minutes	1 hour and 41 minutes
RN hours per resident per day	56 minutes	46 minutes	50 minutes
LPN/LVN hours per resident per day	1 hour and 27 minutes	1 hour and 4 minutes	51 minutes
CNA hours per resident per day	2 hours and 9 minutes	2 hours and 14 minutes	2 hours and 27 minutes
Physical therapy staff hours per resident per day	15 minutes	7 minutes	6 minutes

Registered Nurse (RN) staffing only

Registered nurses (RNs) are licensed healthcare professionals who are responsible for the coordination, management and overall delivery of care to the residents. Some nursing home residents who are sicker than others may require a greater level of care, and nursing homes that have more RN staff may be better able to meet the needs of those residents.

Registered Nurse (RN) staffing rating	3 out of 5 stars Average		
Total number of residents	29	85.4	85.6
RN hours per resident per day	56 minutes	46 minutes	50 minutes

How to read staffing charts | About staff roles

Quality of resident care

LEBANON HEALTH AND REHABILITATION CENTER

Quality of resident care

residents:

Overall rating 6 4 out of 5 stars
Above Average

Learn more about the overall star ratings

Nursing homes that are certified by <u>Medicare</u> and <u>Medicaid</u> regularly report all his arminimation for each of their residents to the **Concern** Medicare & Medicaid Services (CMS). CMS assigns nursing homes a quality of resident care star rating based on their performance on 16 measures. These measures reflect, on average, how well nursing homes cares for

their residents. Information is listed for 2 groups of

Short-stay residents - those who spent 100 days or less in a nursing home

Long-stay residents - those who spent over 100 days in a nursing home

Learn more about what quality of resident care information can tell you about a nursing home

Short-stay residents

Learn why these short-stay measures are important Current data collection period

	LEBANON HEALTH AND REHABILITATION CENTER	TENNESSEE AVERAGE	NATIONAL AVERAGE
Percentage of short-stay residents who improved in their ability to move around on their own. Higher percentages are better.	63.8%	63.8%	65.5%
Percentage of short-stay residents who were re-hospitalized after a nursing home admission. Lower percentages are better.	18.1%	20.5%	21.1%
Percentage of short-stay residents who have had an outpatient emergency department visit. Lower percentages are better.	7.1%	12.6%	11.9%

20/2017	wedicare fursing nome Fit	SUPPLEM	ENTAL #1
	LEBANON HEALTH AND REHABILITATION CENTER	TEN MESSE28, AVE RAGE am	
Percentage of short-stay residents who were successfully discharged to the community. Higher percentages are better.	64.7%	58.4%	57.0%
Percentage of short-stay residents who report moderate to severe pain. Lower percentages are better.	8.7%	12.6%	14.7%
Percentage of short-stay residents with pressure ulcers that are new or worsened. Lower percentages are better.	1.6%	0.7%	1.0%
Percentage of short-stay residents who needed and got a flu shot for the current flu season. Higher percentages are better.	75.3%	80.4%	80.2%
Percentage of short-stay residents who needed and got a vaccine to prevent pneumonia. Higher percentages are better.	83.0%	82.7%	82.5%
Percentage of short-stay residents who newly got an antipsychotic medication. Lower percentages are better.	1.0%	2.3%	2.0%

Long-stay residents

Learn why these long-stay measures are important

Current data collection period

	I'	SUPPLEM	ETTIAL #1
¥	LEBANON HEALTH AND REHABILITATION CENTER	TENNESSE28, AVERAGE am	²⁰ NATIONAL AVERAGE
Percentage of long-stay residents experiencing one or more falls with major injury. Lower percentages are better.	0.0%	3.2%	3.4%
Percentage of long-stay residents with a urinary tract infection. Lower percentages are better.	4.5%	5.2%	4.0%
Percentage of long-stay residents who report moderate to severe pain. Lower percentages are better.	NOT AVAILABLE	5.0%	6.3%
Percentage of long-stay high-risk residents with pressure ulcers. Lower percentages are better.	9.1%	5.4%	5.7%
Percentage of long-stay low-risk residents who lose control of their bowels or bladder. Lower percentages are better.	NOT AVAILABLE	56.3%	47.4%
Percentage of long-stay residents who have/had a catheter inserted and left in their bladder. Lower percentages are better.	6.7%	2.2%	2.2%
Percentage of long-stay residents who were physically restrained. Lower percentages are better.	0.0%	1.3%	0.5%
Percentage of long-stay residents whose ability to move independently worsened. Lower percentages are better.	NOT AVAILABLE	21.4%	18.3%
Percentage of long-stay residents whose need for help with daily activities has increased. Lower percentages are better.	5.0%	15.9%	15.1%

		SUPPLEM	ENTAL #1
	LEBANON HEALTH AND REHABILITATION CENTER	TEN ATUSE 28 , AVE RAČE am	201 ATIONAL AVERAGE
Percentage of long-stay residents who lose too much weight. Lower percentages are better.	9.1%	8.1%	7.1%
Percentage of long-stay residents who have symptoms of depression. Lower percentages are better.	NOT AVAILABLE	2.3%	5.1%
Percentage of long-stay residents who got an antianxiety or hypnotic medication. Lower percentages are better.	35.0%	36.8%	23.1%
Percentage of long-stay residents who needed and got a flu shot for the current flu season. Higher percentages are better.	97.1%	93.3%	94.7%
Percentage of long-stay residents who needed and got a vaccine to prevent pneumonia. Higher percentages are better.	100.0%	92.1%	93.9%
Percentage of long-stay residents who got an antipsychotic medication. Lower percentages are better.	NOT AVAILABLE	17.8%	16.1%

Penalties

LEBANON HEALTH AND REHABILITATION CENTER

Overall rating 6: 4 out of 5 stars Above Average

Learn more about the overall star ratings

Penalties

When a nursing home gets a serious citation or fails to correct a citation for a long period of time, this can result in a penalty. A penalty can be a fine against the nursing home or a denied payment from Medicare.

Search for penalties under state law.

Learn more about penalties.

SUPPLEMENTAL #1

August 28, 2017 11:27 am

Federal fines in the last 3 years	0
Amount(s) and date(s)	This nursing home has not received any fines in the last 3 years. States may also impose penalties under state law. To search state websites <u>Click here</u> .
Payment denials by Medicare in the last 3 years	0
Date(s)	This nursing home has not received any payment denials in the last 3 years. States may also impose penalties under state law. To search state websites click here.

Ownership information

Quality Center for Rehabilitation and Healing

August 28, 2017

Medicare.gov Nursing Home Compare

General information

QUALITY CENTER FOR **REHABILITATION AND** HEALING LLC

Overall rating 6 5 out of 5 stars

Much Above Average

Learn more about the overall star ratings

932 BADDOUR PARKWAY LEBANON, TN 37087 (615) 444-1836

Distance : 2.7 miles

Nursing Home Information

280 certified beds 199

Not in a Continuing Care

Participates in : Medicare

Retirement Community (CCRC)

and Medicaid

Automatic sprinkler systems in all required areas: Yes Not in a hospital 🤎

Has a Resident and Family

Council 19

Learn why these characteristics and services are important

Ownership information

Ownership : For profit - Partnership

Legal business name: QUALITY CENTER FOR REHABILITATION AND HEALING

Star rating categories

View Health & Fire-safety Inspections tab

5 out of 5 stars Much Above Average

Staffing rating 6

3 out of 5 stars **Average**

Quality measures rating Quality of resident care rating 📵

4 out of 5 stars Above Average

Health & fire safety inspections

QUALITY CENTER FOR REHABILITATION AND HEALING LLC

Nursing home information

280 certified beds August 28, 2017

Participates in 10: Medicaid Medicaid

Overall rating 65 out of 5 stars

Much Above Average

Learn more about the overall star ratings

Health inspection 句

5 out of 5 stars **Much Above Average**

▼ Health inspection summary

Date of standard health inspection:	03/29/2017 View Full Report	
Date(s) of complaint inspection(s) between 8/1/2016 - 7/31/2017:	03/29/2017 ´View Full Report	
Total number of health deficiencies:	1	
Average number of health deficiencies in Tennessee:	5.3	
Average number of health deficiencies in the United States:	7.3	
View all health inspections		

Mistreatment: 1 deficiency found

Inspectors determined that the nursing home failed to:

Inspection Date

Date of Correction **Level of Harm**

Residents Affected

SUPPLEMENTAL #1

1) Hire only people with no legal history of abusing, neglecting or mistreating residents; or 2) report and investigate any acts or reports of abuse, neglect or mistreatment of residents.

235 03/29/2017 04/27/2017

August 28, 2017 2 = Minimal barry potential for act harm

Few

How to Read a Deficiency Chart

View All Health Inspections

Quality Care: 0 deficiencies found

No Quality Care deficiencies were found during this inspection period.

Resident Assessment: 0 deficiencies found

No Resident Assessment deficiencies were found during this inspection period.

Resident Rights: 0 deficiencies found

No Resident Rights deficiencies were found during this inspection period.

Wutrition and Dietary: 0 deficiencies found

No Nutrition and Dietary deficiencies were found during this inspection period.

Pharmacy Services: 0 deficiencies found

No Pharmacy Services deficiencies were found during this inspection period.

Environment: 0 deficiencies found

No Environment deficiencies were found during this inspection period.

Administration: 0 deficiencies found

236

SUPPLEMENTAL #1

August 28, 2017

11:27 am

No Administration deficiencies were found during this inspection period.

▼ Fir	e safe	ety su	mmary
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NOT AVAILABLE
NOT AVAILABLE
IOT AVAILABLE

Building Construction: NA deficiencies found

Data currently not available for Fire Safety Inspections.

▼ Interior Finish: NA deficiencies found

Data currently not available for Fire Safety Inspections.

Corridor Walls and Doors: NA deficiencies found

Data currently not available for Fire Safety Inspections.

Vertical Openings: NA deficiencies found

Data currently not available for Fire Safety Inspections.

▼ Smoke Compartmentation and Control: NA deficiencies found

Data currently not available for Fire Safety Inspections.

August 28, 2017

Hazardous Area: NA deficiencies fou	nď
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Data currently not available for Fire Safety Inspections.

Exit and Exit Access: NA deficiencies found

Data currently not available for Fire Safety Inspections.

Exit and Egress: NA deficiencies found

Data currently not available for Fire Safety Inspections.

▼ Illumination and Emergency Power: NA deficiencies found

Data currently not available for Fire Safety Inspections.

Emergency Plans and Fire Drills: NA deficiencies found

Data currently not available for Fire Safety Inspections.

Fire Alarm Systems: NA deficiencies found

Data currently not available for Fire Safety Inspections.

Automatic Sprinkler Systems: NA deficiencies found

Data currently not available for Fire Safety Inspections.

Smoking Regulations: NA deficiencies found

Data currently not available for Fire Safety Inspections.

▼ Building Service Equipment: NA deficiencies found

Data currently not available for Fire Safety Inspections.

▼ Furnishing and Decorations: NA deficiencies found

August 28, 2017

Data currently not available for Fire Safety Inspections.

Laboratories: NA deficiencies found

Data currently not available for Fire Safety Inspections.

Medical Gases and Anesthetizing Areas: NA deficiencies found

Data currently not available for Fire Safety Inspections.

Electrical: NA deficiencies found

Data currently not available for Fire Safety Inspections.

Miscellaneous: NA deficiencies found

Data currently not available for Fire Safety Inspections.

Complaints and facility-reported incidents in the past 3 years

Inspectors determined that the nursing home failed to:	Inspection date	Date of correction	Level of harm	Residents affected
1) Hire only people with no legal history of abusing, neglecting or mistreating residents; or 2) report and investigate any acts or reports of abuse, neglect or mistreatment of residents.	01/22/2015	02/15/2015	2 = Minimal harm or potential for actual harm	Few

Inspectors determined that the nursing home failed to:	Inspection date	239 Date of correction	Level of Hallst 28, 2 11:27 am	201 Residents affected
1) Hire only people with no legal history of abusing, neglecting or	03/29/2017	04/27/2017	2 = Minimal harm or potential for actual harm	Few
mistreating residents; or 2) report and investigate any acts or reports of abuse, neglect or mistreatment of residents.				
Provide necessary care and services to maintain the highest well being of each resident	03/28/2016	03/31/2016	2 = Minimal harm or potential for actual harm	Few

Staffing

QUALITY CENTER FOR REHABILITATION AND HEALING LLC

Overall rating 5 out of 5 stars

Much Above Average

Learn more about the overall star ratings

Staffing

Higher staffing levels in a nursing home may mean higher quality of care for residents. This section provides information about the different types of nursing home staff and the average amount of time per resident that they spend providing care.

Get more information about the staffing measures Get more information about how to read the staffing chart

The information in this section includes registered nurses (RN), licensed practical/vocational nurses (LPN/LVN), nurse assistants (CNA), and physical therapists (PT). Physical therapists are not included with all same as rating.

The "staffing" star rating takes into account that some nursing homes have sicker residents and may therefore need more staff than other nursing homes whose residents are not as sick.

	QUALITY CENTER FOR REHABILITATI AND HEALING LLC	TENNESSEE AVERAGE ON	NATIONAL AVERAGE
Staffing rating	3 out of 5 stars Average		The state of the s
Total number of residents	217	85.4	85.6
Total number of licensed nurse staff hours per resident per day	1 hour and 35 minutes	1 hour and 50 minutes	1 hour and 41 minutes
RN hours per resident per day	37 minutes	46 minutes	50 minutes
LPN/LVN hours per resident per day	58 minutes	1 hour and 4 minutes	51 minutes
CNA hours per resident per day	1 hour and 58 minutes	2 hours and 14 minutes	2 hours and 27 minutes
Physical therapy staff hours per resident per day	3 minutes	7 minutes	6 minutes

Registered Nurse (RN) staffing only

Registered nurses (RNs) are licensed healthcare professionals who are responsible for the coordination, management and overall delivery of care to the residents. Some nursing home residents who are sicker than others may require a greater level of care, and nursing homes that have more RN staff may be better able to meet the needs of those residents.

Registered Nurse (RN) staffing rating	3 out of 5 stars Average		i
Total number of residents	217	85.4	85.6
RN hours per resident per day	37 minutes	46 minutes	50 minutes

How to read staffing charts | About staff roles

Quality of resident care

QUALITY CENTER FOR REHABILITATION AND HEALING LLC

Quality of resident care

Nursing homes that are certified by Medicare and Medicaid regularly report clinical information for each Overall rating 5 out of 5 stars

Much Above Average

Learn more about the overall star ratings

of their residents to the Medicaid Services (CMS) UMS 48 ig 49 1 7 rsing homes a quality of resident carreting based on their performance on 16 measures. These measures reflect, on average, how well nursing homes cares for their residents. Information is listed for 2 groups of residents:

> Short-stay residents - those who spent 100 days or less in a nursing home

Long-stay residents - those who spent over 100 days in a nursing home

Learn more about what quality of resident care information can tell you about a nursing home

Short-stay residents

Learn why these short-stay measures are important Current data collection period

			v
38	QUALITY CENTER FOR REHABILITATION AND HEALING LLC	TENNESSEE AVERAGE	NATIONAL AVERAGE
Percentage of short-stay residents who improved in their ability to move around on their own. Higher percentages are better.	59.8%	63.8%	65.5%
Percentage of short-stay residents who were re-hospitalized after a nursing home admission. Lower percentages are better.	15.3%	20.5%	21.1%
Percentage of short-stay residents who have had an outpatient emergency department visit. Lower percentages are better.	5.6%	12.6%	11.9%

	SUPPLEMENTAL #1			
× 2	QUALI神 CENTER FOR REHABILITATION AND HEALING LLC	TEN NESUSE 28 AVE RÃ SE am	AVERAGE	
Percentage of short-stay residents who were successfully discharged to the community. Higher percentages are better.	69.4%	58.4%	57.0%	
Percentage of short-stay residents who report moderate to severe pain. Lower percentages are better.	28.7%	12.6%	14.7%	
Percentage of short-stay residents with pressure ulcers that are new or worsened. Lower percentages are better.	0.1%	0.7%	1.0%	
Percentage of short-stay residents who needed and got a flu shot for the current flu season. Higher percentages are better.	76.9%	80.4%	80.2%	
Percentage of short-stay residents who needed and got a vaccine to prevent pneumonia. Higher percentages are better.	69.1%	82.7%	82.5%	
Percentage of short-stay residents who newly got an antipsychotic medication. Description are better.	2.7%	2.3%	2.0%	

Long-stay residents

Learn why these long-stay measures are important

Current data collection period

	QUALITY CENTER FOR REHABILITATION AND HEALING LLC	TEN NESSE 28, AVE RAGE am	2011ATIONAL AVERAGE
Percentage of long-stay residents experiencing one or more falls with major injury. Lower percentages are better.	3.4%	3.2%	3.4%
Percentage of long-stay residents with a urinary tract infection. Lower percentages are better.	2.9%	5.2%	4.0%
Percentage of long-stay residents who report moderate to severe pain. Lower percentages are better.	10.0%	5.0%	6.3%
Percentage of long-stay high-risk residents with pressure ulcers. Lower percentages are better.	3.9%	5.4%	5.7%
Percentage of long-stay low-risk residents who lose control of their bowels or bladder. Lower percentages are better.	79.1%	56.3%	47.4%
Percentage of long-stay residents who have/had a catheter inserted and left in their bladder. Lower percentages are better.	2.1%	2.2%	2.2%
Percentage of long-stay residents who were physically restrained. Lower percentages are better.	0.6%	1.3%	0.5%
Percentage of long-stay residents whose ability to move independently worsened. Lower percentages are better.	21.8%	21.4%	18.3%

	QUALPTY TENNESSE 28, 20 NATIONAL		
	QUALPTY CENTER FOR REHABILITATION AND HEALING LLC	AVERA SE am	AVERAGE
Percentage of long-stay residents whose need for help with daily activities has increased. Lower percentages are better.	13.1%	15.9%	15.1%
Percentage of long-stay residents who lose too much weight. Lower percentages are better.	6.8%	8.1%	7.1%
Percentage of long-stay residents who have symptoms of depression. Lower percentages are better.	1.9%	2.3%	5.1%
Percentage of long-stay residents who got an antianxiety or hypnotic medication. Lower percentages are better.	32.6%	36.8%	23.1%
Percentage of long-stay residents who needed and got a flu shot for the current flu season. Higher percentages are better.	99.1%	93.3%	94.7%
Percentage of long-stay residents who needed and got a vaccine to prevent pneumonia. Higher percentages are better.	97.8%	92.1%	93.9%
Percentage of long-stay residents who got an antipsychotic medication. Lower percentages are better.	21.9%	17.8%	16.1%

Penalties

QUALITY CENTER FOR REHABILITATION AND HEALING LLC

Penalties

Overall rating 5 out of 5 stars

Much Above Average

Learn more about the overall star ratings

When a nursing home gets a serious citation to correct a citation for a long period of time, this can result in a penalty. A penalty can be a fine against the nursing home or a denied payment from Medicare.

Search for penalties under state law. Learn more about penalties.

Federal fines in the last 3 years	1
Amount(s) and date(s)	\$178,782 on 08/24/2016
Payment denials by Medicare in the last 3 years	0
Date(s)	This nursing home has not received any payment denials in the last 3 years. States may also impose penalties under state law. To search state websites click here.

Ownership information

Mt. Juliet Health Care Center

UPPLEMENTAL #1

August 28, 2017

Medicare.go Nursing Home Coil การ

The Official U.S. Government Site for Medicare

General information

MT JULIET HEALTH CARE CENTER (**)

Overall rating 3 out of 5 stars

Learn more about the overall star ratings

2650 NORTH MT JULIET ROAD MOUNT JULIET, TN 37122 (615) 758-4100

Distance : 15.7 miles

Nursing Home information

106 certified beds

Not in a Continuing Care

Participates in (1): Medicare

Retirement Community **

and Medicaid

(CCRC)

Automatic sprinkler systems

Not in a hospital

🧐 in all required areas: Yes

Has a Resident and Family

Council 10

Learn why these characteristics and services are important

Ownership information

Ownership : For profit - Corporation

Legal business name: MT JULIET HEALTH CARE CENTER INC

Star rating categories

View Health & Fire-safety

Inspections tab

3 out of 5 stars Average

Staffing rating 🕖

2 out of 5 stars **Below Average**

Quality measures rating 1 Quality of resident care rating

4 out of 5 stars **Above Average**

Health & fire safety inspections

MT JULIET HEALTH CARE CENTER (2011)



Nursing home information

Overall rating 3 out of 5 stars

Average

Learn more about the overall star ratings

248

106 certified beds

Participates in : MacCare and Medicaid

Health inspection 100

Health inspection summary

Mistreatment: 3 deficiencies found

3 out of 5 stars. **Average**

	Date of standard health inspection:	11/30/2016 View Full Report
	Date(s) of complaint inspection(s) between 8/1/2016 - 7/31/2017:	06/07/2017 View Full Report 01/25/2017 View Full Report 10/11/2016 View Full Report
2	Total number of health deficiencies:	7
	Average number of health deficiencies in Tennessee:	5.3
	Average number of health deficiencies in the United States:	7.3
	View all healt	th inspections

Inspectors determined that the nursing home failed to:	Inspection Date	Date of Correction	Level AH9HSt 28, 2 11:27 am	201 Residents Affected
Hire only people with no legal history of abusing, neglecting or mistreating	10/11/2016	11/11/2016	2 = Minimal harm or potential for actual harm	Few
residents; or 2) report and investigate any acts or reports of abuse, neglect or mistreatment of residents.				
1) Hire only people with no legal history of abusing, neglecting or mistreating residents; or 2) report and investigate any acts or reports of abuse, neglect or mistreatment of residents.	01/25/2017	03/10/2017	2 = Minimal harm or potential for actual harm	Few
Develop policies that prevent mistreatment, neglect, or abuse of residents or theft of resident property.	10/11/2016	11/11/2016	2 = Minimal harm or potential for actual harm	Few
_ ~_ 20 = 0 = 42 V	How to	Read a Deficiency C	hart	
— ≦ — — « — xxxxxedes	View	All Health Inspection	\$	

▼ Quality Care: 0 deficiencies found

No Quality Care deficiencies were found during this inspection period.

Resident Assessment: 0 deficiencies found

No Resident Assessment deficiencies were found during this inspection period.

SUPPLEMENTAL #1

August 28, 2017 11:27 am

Resident Rights: 1 deficiency found

Inspectors determined that the nursing home failed to:	Inspection Date	Date of Correction	Level of Harm	Residents Affected
Immediately tell the resident, the resident's doctor and a family member of the resident of situations (injury/decline/room, etc.) that affect the resident.	06/07/2017	07/20/2017	2 = Minimal harm or potential for actual harm	Few
	A Decision of the second	1	1	

How to Read a Deficiency Chart

View All Health Inspections

▼ Nutrition and Dietary: 1 deficiency found

of the second se			era men mene	
Store, cook, and	30/2016	01/13/2017	2 = Minimal harm or	Many
serve food in a safe and clean way	H		potential for actual harm	

View All Health Inspections

▼ Pharmacy Services: 1 deficiency found

Inspectors determined that the nursing home failed to:

Inspection Date

Date of Correction Level of Harm

Residents **Affected**

August 28, 2017

2 = Minimal harm or potential for actual

harm

Few

Maintain drug records and properly mark/label drugs and other similar products according to accepted professional standards.

06/07/2017 07/20/2017

How to Read a Deficiency Chart

View All Health Inspections

Environment: 0 deficiencies found

No Environment deficiencies were found during this inspection period.

Administration: 1 deficiency found

failed to:				3
		l		
Keep accurate, complete and organized clinical records on each resident that meet	06/07/2017	07/20/2017	2 = Minimal harm or potential for actual harm	Few
professional standards				

How to Read a Deficiency Chart

View All Health Inspections

Fire safety summary

Total number of Fire Safety Deficiencies for this nursing home:

NOT AVAILABLE

SUPPLEMENTAL #1

Average number of Fire Safety Deficiencies in Tennessee:

NOT AVAILABLE

August 28, 2017 11:27 am

Average number of Fire Safety Deficiencies in the United States:

NOT AVAILABLE

Range of Fire Safety Deficiencies in Tennessee:

NOT AVAILABLE

View All Fire Safety Inspections

Building Construction: NA deficiencies found

Data currently not available for Fire Safety Inspections.

Interior Finish: NA deficiencies found

Data currently not available for Fire Safety Inspections.

Corridor Walls and Doors: NA deficiencies found

Data currently not available for Fire Safety Inspections.

Vertical Openings: NA deficiencies found

Data currently not available for Fire Safety Inspections.

Smoke Compartmentation and Control: NA deficiencies found

Data currently not available for Fire Safety Inspections.

Hazardous Area: NA deficiencies found

Data currently not available for Fire Safety Inspections.

Exit and Exit Access: NA deficiencies found

Data currently not available for Fire Safety Inspections.

August 28, 2017 11:27 am

Exit and Egress: NA deficiencies found

Data currently not available for Fire Safety Inspections.

Illumination and Emergency Power: NA deficiencies found

Data currently not available for Fire Safety Inspections.

Emergency Plans and Fire Drills: NA deficiencies found

Data currently not available for Fire Safety Inspections.

Fire Alarm Systems: NA deficiencies found

Data currently not available for Fire Safety Inspections.

Automatic Sprinkler Systems: NA deficiencies found

Data currently not available for Fire Safety Inspections.

Smoking Regulations: NA deficiencies found

Data currently not available for Fire Safety Inspections.

Building Service Equipment: NA deficiencies found

Data currently not available for Fire Safety Inspections.

Furnishing and Decorations: NA deficiencies found

Data currently not available for Fire Safety Inspections.

Laboratories: NA deficiencies found

Data currently not available for Fire Safety Inspections.

Medical Gases and Anesthetizing Areas: NA deficiencies found

SUPPLEMENTAL #1

August 28, 2017

Data currently not available for Fire Safety Inspections.

Electrical: NA deficiencies found

Data currently not available for Fire Safety Inspections.

Miscellaneous: NA deficiencies found

Data currently not available for Fire Safety Inspections.

Complaints and facility-reported incidents in the past 3 years

Inspectors determined that the nursing home failed to:	Inspection date	Date of correction	Level of harm	Residents affected
1) Hire only people with no legal history of abusing, neglecting or mistreating residents; or 2) report and investigate any acts or reports of abuse, neglect or mistreatment of residents.	10/11/2016	11/11/2016	2 = Minimál harm or potential for actual harm	Few
0 -0 -0 -0 -0 -0 -0 -0 -0 -0 -0 -0 -0 -0		5 7	2	
1) Hire only people with no legal history of abusing, neglecting or mistreating residents; or 2) report and investigate any acts or reports of abuse, neglect or mistreatment of residents.	01/25/2017	03/10/2017	2 = Minimal harm or potential for actual harm	Few
22 12 1 1 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2		Ann area	ų	
Develop policies that prevent mistreatment, neglect, or abuse of residents or theft of resident property.	10/11/2016	11/11/2016	2 = Minimal harm or potential for actual harm	Few

SUPPLEMENTAL #1

Inspectors determined that the nursing home failed to:

Inspection date

Date of correction Level August 28, 201 Residents affected 11:27 am

2 = Minimal harm or Few Immediately tell the 06/07/2017 07/20/2017 potential for actual resident, the resident's doctor and a family harm member of the resident of situations (injury/decline/room, etc.) that affect the resident. 06/07/2017 07/20/2017 2 = Minimal harm or Maintain drug records and properly mark/label potential for actual harm drugs and other similar products according to accepted professional standards. 09/05/2014 3 = Actual harm Few Make sure that the 08/01/2014 nursing home area is free from accident hazards and risks and provides supervision to prevent avoidable accidents 2 = Minimal harm or Few 06/07/2017 07/20/2017 Keep accurate, potential for actual complete and organized harm clinical records on each

Staffing

MT JULIET HEALTH CARE CENTER 🚭



resident that meet professional standards

Overall rating 3 out of 5 stars

Learn more about the overall star ratings

Staffing

Higher staffing levels in a nursing home may mean higher quality of care for residents. This section provides information about the different types of nursing home staff and the average amount of time per resident that they spend providing care.

Get more information about the staffing measures

Get more information

chart

August 28, 2017 11:27 am

Staffing:

The information in this section includes registered nurses (RN), licensed practical/vocational nurses (LPN/LVN), certified nurse assistants (CNA), and physical therapists (PT). Physical therapists are not included in the "all staffing" star rating.

The "staffing" star rating takes into account that some nursing homes have sicker residents and may therefore need more staff than other nursing homes whose residents are not as sick.

The second secon	MT JULIET HEALTH CARE CENTER	TENNESSEE AVERAGE	NATIONAL AVERAGE
Staffing rating	2 out of 5 stars Below Average		y
Total number of residents	66	85.4	.85.6
Total number of licensed nurse staff hours per resident per day	1 hour and 29 minutes	1 hour and 50 minutes	1 hour and 41 minutes
RN hours per resident per day	33 minutes	46 minutes	50 minutes
LPN/LVN hours per resident per day	56 minutes	1 hour and 4 minutes	51 minutes
CNA hours per resident per day	1 hour and 51 minutes	2 hours and 14 minutes	2 hours and 27 minutes
Physical therapy staff hours per resident per day	5 minutes	7 minutes	6 minutes

Registered Nurse (RN) staffing only

Registered nurses (RNs) are licensed healthcare professionals who are responsible for the coordination, management and overall delivery of care to the residents. Some nursing home residents who are sicker than others may require a greater level of care, and nursing homes that have more RN staff may be better able to meet the needs of those residents.

Registered Nurse (RN) staffing rating	3 out of 5 stars Average			
Total number of residents	66	85.4	85.6	
RN hours per resident per day	33 minutes	46 minutes	50 minutes	

SUPPLEMENTAL #1

August 28, 2017 11:27 am

Quality of resident care

MT JULIET HEALTH CARE CENTER 🕮



Overall rating 3 out of 5 stars

Learn more about the overall star ratings

Quality of resident care

Nursing homes that are certified by Medicare and Medicaid regularly report clinical information for each of their residents to the Centers for Medicare & Medicaid Services (CMS). CMS assigns nursing homes a quality of resident care star rating based on their performance on 16 measures. These measures reflect, on average, how well nursing homes cares for their residents. Information is listed for 2 groups of residents:

Short-stay residents - those who spent 100 days or less in a nursing home

Long-stay residents - those who spent over 100 days in a nursing home

Learn more about what quality of resident care information can tell you about a nursing home

Short-stay residents

Lower percentages are better.

Learn why these short-stay measures are important Current data collection period

	MT JULIET HEALTH CARE CENTER	TENNESSEE AVERAGE	NATIONAL AVERAGE
Percentage of short-stay residents who improved in their ability to move around on their own. Higher percentages are better.	74.1%	63.8%	65.5%
	22		
Percentage of short-stay residents who were re-hospitalized after a nursing home admission.	27.3%	20.5%	21.1%

²⁵MT

SUPPLEMENT	FAL	#1
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TEN**RESULE²⁸, 201** ATIONAL

	JULIET HEALTH CARE CENTER	AVER ACE am	AVERAGE
Percentage of short-stay residents who have had an outpatient emergency department visit. Lower percentages are better.	10.4%	12.6%	11.9%
Percentage of short-stay residents who were successfully discharged to the community. Higher percentages are better.	55.6%	58.4%	57.0%
Percentage of short-stay residents who report moderate to severe pain. Lower percentages are better.	6.4%	12.6%	14.7%
Percentage of short-stay residents with pressure ulcers that are new or worsened. Lower percentages are better.	0.4%	0.7%	1.0%
Percentage of short-stay residents who needed and got a flu shot for the current flu season. Higher percentages are better.	84.0%	80.4%	80.2%
Percentage of short-stay residents who needed and got a vaccine to prevent pneumonia. Higher percentages are better.	88.9%	82.7%	82.5%
Percentage of short-stay residents who newly got an antipsychotic medication. Lower percentages are better.	2.1%	2.3%	2.0%

Long-stay residents

Learn why these long-stay measures are important Current data collection period

SUPPLEMENTAL #1

²⁵MT JULIET **HEALTH CARE CENTER** TEN**NESSE 28, 2017** TIONAL AVERAGE AVERAGE

9 2				
Percentage of long-stay residents experiencing one or more falls with major injury. Lower percentages are better.	1.3%	3.2%	3.4%	
Lower percentages are better.				
5: 12: 20 A 1 A 1 A 1 A 1 A 1 A 1 A 1 A 1 A 1 A		5.00/	4.00/	
Percentage of long-stay residents with a urinary tract infection. Lower percentages are better.	3.6%	5.2%	4.0%	
7. EEE				
Percentage of long-stay residents who report moderate to severe pain. Lower percentages are better.	2,5%	5.0%	6.3%	
the control of Clark to the control of the control of	4 /avia-	110 40	come" are recome	
Percentage of long-stay high-risk residents	4.6%	5.4%	5.7%	
with pressure ulcers. Lower percentages are better.				
The second secon			× 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	5371 5
Percentage of long-stay low-risk residents who lose control of their bowels or bladder. Lower percentages are better.	67.0%	56.3%	47.4%	1
	Larre French Stern			::::::::::::::::::::::::::::::::::::::
Percentage of long-stay residents who have/had a catheter inserted and left in their	1.4%	2.2%	2.2%	
bladder. Description bladder. Lower percentages are better.		2		1
e server of district				
Percentage of long-stay residents who were physically restrained. Lower percentages are better.	0.0%	1.3%	0.5%	
		11 5 10 401		- 1
Percentage of long-stay residents whose ability to move independently worsened. Lower percentages are better.	24.7%	21.4%	18.3%	
a le mandi			V STATE OF THE STA	
Percentage of long-stay residents whose need	14.6%	15.9%	15.1%	
for help with daily activities has increased. December between the				

SUPPLEMENTAL #

	MT JULIET HEALTH CARE CENTER	TEN NUSCEE AVERAGE am	8, 2017 TIONAL AVERAGE
Percentage of long-stay residents who lose too much weight. Lower percentages are better.	7.3%	8.1%	7.1%
Percentage of long-stay residents who have symptoms of depression. Lower percentages are better.	1.0%	2.3%	5.1%
Percentage of long-stay residents who got an antianxiety or hypnotic medication. Lower percentages are better.	22.3%	36.8%	23.1%
Percentage of long-stay residents who needed and got a flu shot for the current flu season. Higher percentages are better.	100.0%	93.3%	94.7%
Percentage of long-stay residents who needed and got a vaccine to prevent pneumonia. Higher percentages are better.	99.1%	92.1%	93.9%
Percentage of long-stay residents who got an antipsychotic medication. Lower percentages are better.	18.8%	17.8%	16.1%

Penalties

MT JULIET HEALTH CARE CENTER 🕮



Overall rating 3 out of 5 stars

Average

Learn more about the overall star ratings

Penalties

When a nursing home gets a serious citation or fails to correct a citation for a long period of time, this can result in a penalty. A penalty can be a fine against the nursing home or a denied payment from Medicare.

Search for penalties under state law. Learn more about penalties.

SUPPLEMENTAL #1

August 28, 2017

Federal fines in the last 3 years

0

Amount(s) and date(s)

This nursing home has not received any fines in the last 3 years.

States may also impose penalties under state law. To search state websites Click here.

Payment denials by Medicare in the last 3 years

0

Date(s)

This nursing home has not received any payment denials in the last 3 years.

States may also impose penalties under state law. To search state websites click here.

Ownership information

August 28, 2017 11:27 am

Attachment Section B, Economic Feasibility, Item B. Funding
Pinnacle Asset Management Letter



An affiliate of Pinnacle Bank

111 10th Avenue South Suite 300 Nashville, TN 37203

Phone (615) 773-6618

SUPPLEMENTAL #1
August 28, 2017
RAYMOND JAMES°

FINANCIAL SERVICES, INC.
Member FINRA/SIPC

Joe Comer

Registered Principal, RJFS Senior Vice President, PNFP

August 25, 2017

Mr. Harold G. Bone P.O. Box 1194 Lebanon, TN 37088

Dear Mr. Bone

Regarding your request for verification of your ability to borrow up to \$1 million, please consider this letter as of August 25, 2017 regarding the assets held in your Raymond James brokerage account. xxxx5978.

Your account currently has "Margin Availability" of \$1.5 million. The current interest rate for outstanding balances is 5.00 %.

Your total account value as reflected in your last statement date, July 31, 2017 was in excess of \$4.5 million dollars.

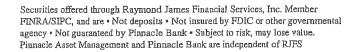
Should you have additional questions regarding these facts please do not hesitate to contact me at (615) 773-6618.

Sincerely

Joe Comer

Registered Principal

Pinnacle Asset Management



Attachment Section B, Economic Feasibility, Item D - Projected
Data Chart -

Management Agreement Amendment

August 28, 2017 11:27 am

AMENDMENT 1 TO MANAGEMENT AGREEMENT

Effective 1st day of January 2017, the following amends Section 4(a), Management Fee, of the original Management Agreement made and effective 1st day of February 2014.

- Management Fee. As compensation for the services to be performed hereunder by Manager, Owner shall pay to Manager a management fee (the "Management Fee") as follows:
- Beginning on the date of this Agreement and continuing for the Term hereof, the Management Fee will be a periodic fixed fee of \$ 10,000:00 per month. The Management Fee is payable in advance on or before the first day of each calendar month, without setoff or deduction and shall be paid in addition to all costs and expenses incurred by Manager in connection with the operation of the Facility. Owner shall pay to Manager interest at the rate of 1-1/2% per month (or portion thereof) on any portion of the Management Fee not paid by the first day of the month to which the payment relates.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement effective as of January 1, 2017.

OWNER:

PAVILION-THS, LLC,

a Tennessee limited liability company

H. Gordon Bone, Jr.

President

MANAGER:

STEIN & ASSOCIATES: LLC

ames M. Stein

. Tradition

President

August 28, 2017 11:27 am

Attachment - Proof of Publication

267 Thursday, August 10, 2017 The Lebanon Democrat & Wilson County News

CLASSIFIEDS Lebanon Democrat 615-444-3952

Ads that work pay for themselves.

Ads that don't work are expensive.

DESCRIPTION BRINGS RESULTS!

LEBANON DEMOCRAT 615-444-3952

PUBLIC NOTICE

PUBLIC NOTICE OF MEETING The August 2017 meeting of the Board of Commissioners of the Gladeville Utility District has been escheduled from Tuesday, August 3, 2017, to Tuesday, August 22, 017. The time of the meeting will e 1:00 PM CDST, and the meeting vill take place at the District's adninistrative office located at 3826 esta Road, Lebanon, Tennessee.

INVITATION TO BID

The City of Lebanon is accepting sealed proposals for the purchase of Electronic Plan Review Platform for the Building Inspection Department. Bid forms and specifications may be obtained from the office of the Purchasing Agent, 200 N. Castle Lebanon, TN the website Heights Avenue, www.lebanontn.org under the Business Tab.

Bids must be returned no later than August 29, 2017 by 10:00 a.m. in the same office. Bids will be opened and read aloud shortly thereafter in the same office.

If you have any questions contact the Purchasing Department (615) 443-2802.

Lisa Lane Purchasing Agent City of Lebanon

BID NOTICE

Mahindra Finance USA will offer the following repossessed equipment for sale to the highest bidder for certi-

PUBLIC NOTICE

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Develop-ment Agency and all interested parties, in accordance with TCA § 68thes, in accordance with ToA's op-11-1601 et seq., and the Rules of the Health Services and Develop-ment Agency, that The Pavilion Se-nior Living - Rehabilitation and Long Term Care at Lebanon, an existing licensed skilled nursing home facili ty, owned by Pavilion-THS, LLC, with an ownership type of Tennessee limited liability company and to be managed by Stein & Associates, LLC, intends to file an application for a Certificate of Need for the addition of twenty (20) Medicare cation for a Certificate of Need for the addition of twenty (20) Medicare skilled nursing facility beds at the Applicant's existing sixty (60) bed nursing home, The Pavilion Senior Living - Rehabilitation and Long Term Care at Lebanon. Upon completion of this CON project, The Pavilion Senior Living - Rehabilitation and Long Term Care at Lebanon nursing home will have 80 licensed skilled nursing home beds. licensed skilled nursing home beds. The existing nursing home is located at 1406 Medical Center Drive, (Wilson County), Ten-17087. The estimated Lebanon nessee 37087. project cost is \$1,136,755. The Applicant will provide Medicare skilled nursing facility services in the pro-posed 20 nursing home beds.

The anticipated filing date of the application is August 15, 2017.

The contact person for this project is Hal Bone, the owner of Hal Bone Enterprises, LLC, who may be reached 680 Tennessee Boulevard, Lebanon, Tennessee 37087. Bone's telephone number is (615) 453-9912 and his e-mail address is halbone9912@gmail.com.

Upon written request by interested parties, a local Fact-Finding public hearing shall be conducted. Written requests for hearing should be sent

Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street, Nashville, Tennessee 37243

Pursuant to T.C.A. § 68-11-1607(c) (1), (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and De-velopment Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

BUSINESS SERVICES

ADDITIONS/GARAGES REMODELING AND DECKS Free estimates, licensed/insured, ROBERT BLAIR CONSTRUCTION, LEBANON, TN 615-969-3574.

AGION EQUIPMENT

Heating & Air Conditioning Service • Sales • Installation Major Appliance Repair Since 1983

Lebanon (615) 444-7927 Mt. Juliet (615) 754-5615 Hartsville (615) 767-4138 Free Service Call w/Repair

Tommy Cooper's Lawn Service 615-604-6961

615-735-6400 \$50 up to an acre Free Estimates

MOTORCYCLE FOR SALE

2007 Harley Davidson Sportster asking \$6,000 615-443-5312

HELP WANTED

MISC. FOR SALE

August 28, 2017

2 cemetery plots

615-418-6174 or 615-418-6182

SCREENED TOPSOIL

615-428-9841.

SALE

Free Service Call with Repair Lebanon 615-444-7927 Mt. Juliet 615-754-5615 Hartsville 615-444-7927

HELP WANTED

Cedar Creek Yacht Club is looking for a part time unarmed night watch-man. Hours are 8pm-midnight Monday-Friday. A private protection security license is required. Please send resume to

office@cedarcreekyachtclub.com EOE

We Service All

Call Action Equipment Today!

Hair & Nail

Beautiful salon space equipment! 1450sq stations. Call Greg @

OFFICE SPACE F \$750.00 per month restroom, stockroo conference room Add Maple Street, Call 61: come by Steve Mull more information and office space for

SMALL OFFICE for rent. Affodable, g Call Greg Dugdale

APARTM

1 & 2 BEDROOM AP IN HARTSV Utilities & cable TV furni

Apartments! Apa 1, 2 & 3 BEDROC

 Utilities included with Weekly & monthly pa

 Low deposits Call 615-444-Greg Dugdale Pi

LUMBER STACKERS NEEDED

IMMEDIATELY

Monday-Friday 7:00-3:00

OT offered at this time Health Insurance **Paid Vacation** Paid Holidays Apply in Person at 560 Airport Rd.

Memorial Gardens,Lebanon \$1,500 for both

Call or Text Richard

APPLIANCES FOR

APPLIANCE REPAIR

GIJUN EQUIPMENT SERVICE CO.

Major Appliances

Peking is hiring- i Hostess please app 1316 W. Main St.

HELP WA

DAYCARE WORK

Exp. Landscape

Exp. Lead man: D

FT; Know plants; \$

Nashville (615)

Manufacturing

Maintenance Te

Benefits after 90 da

Drug Free workpla

Applicants email

Division Street,

Medical Ass FT for OB-G

NOW HIRI

bruce@jdcinc.com

person at JDC Coati

Clinical Exp., preferre

Full-time positions a

local manufacturin 1st shift available

benefits. Starting р

Apply at 211 Hart

Lebanon from 9

If interested fax r 615-986-3:

Seeking Experienc

contingent o

Full Time Po Call 615-218

BUSINE PROPERTY RENT OR L

ATTN:
To: PAVILION-THS, LLC
(Advertising) NOTICE OF INTENT TO APPLY FOR A CERTIFICATE OF NEED
PUBLISHER'S AFFIDAVIT
State of Tennessee) s.s
County of Wilson)
Before me, the undersigned, a Notary Public in and for said county, this day personally came improved the Lebanon Democrat, a newspaper published at Lebanon, Tennessee Tuesday through Saturday, in said county and state, and that the advertisement of The Notification of Intent to Apply for a Certificate of Need of which the annexed is a copy, was published in said newspaper on the following date: August 10, 2017 and that the statement of account herewith is correct to the best of his/her knowledge information, and belief. Subscribed and sworm to before me this 5 day of August 2017 Notary Public My commission expires 2/11, 2019.
The state of the s

August 28, 2017

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with TCA § 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that The Pavilion Senior Living - Rehabilitation and Long Term Care at Lebanon, an existing licensed skilled nursing home facility, owned by Pavilion-THS, LLC, with an ownership type of Tennessee limited liability company and to be managed by Stein & Associates, LLC, intends to file an application for a Certificate of Need for the addition of twenty (20) Medicare skilled nursing facility beds at the Applicant's existing sixty (60) bed nursing home, The Pavilion Senior Living - Rehabilitation and Long Term Care at Lebanon. Upon completion of this CON project, The Pavilion Senior Living - Rehabilitation and Long Term Care at Lebanon nursing home will have 80 licensed skilled nursing home beds. The existing nursing home is located at 1406 Medical Center Drive, Lebanon (Wilson County), Tennessee 37087. The estimated project cost is \$1,136,755. The Applicant will provide Medicare skilled nursing facility services in the proposed 20 nursing home beds.

The anticipated filing date of the application is August 15, 2017.

The contact person for this project is Hal Bone, the owner of Hal Bone Enterprises, LLC, who may be reached 680 Tennessee Boulevard, Lebanon, Tennessee 37087. Mr. Bone's telephone number is (615) 453-9912 and his e-mail address is https://halbone9912@gmail.com.

Upon written request by interested parties, a local Fact-Finding public hearing shall be conducted. Written requests for hearing should be sent to:

Health Services and Development Agency Andrew Jackson Building, 9th Floor 502 Deaderick Street, Nashville, Tennessee 37243

Pursuant to T.C.A. § 68-11-1607(c)(1), (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

August 28, 2017

166770

LEBANON PUBLISHING CO., 1187C.

402 N. CUMBERLAND ST. LEBANON, TN 37087 (615) 444-3952

PAVILION REHAB HEATHER SADLER 1406 MEDICAL CENTER DRIVE LEBANON TN 37087

I hereby certify that the attached advertisement of NOTIFICATION OF INTENT T in space of 110.46 lines was published in the THE LEBANON DEMOCRAT On :

08/10/2017

Signed

representative of publisher

Total Cost of Publication: \$162.00

Subscribed and sworn to before me this

10th day of August, 2017

notary public

Tammy Williams

02/11/2019

Ad text:

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

271

SUPPLEMENTAL #1
August 28, 2017

August 28, 2017 11:27 am

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with TCA ^ 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that The Pavilion Senior Living - Rehabilitation and Long Term Care at Lebanon, an existing licensed skilled nursing home facility, owned by Pavilion-THS, LLC, with an ownership type of Tennessee limited liability company and to be managed by Stein & Associates, LLC, intends to file an application for a Certificate of Need for the addition of twenty (20) Medicare skilled nursing facility beds at the Applicant's existing sixty (60) bed nursing home, The Pavilion Senior Living - Rehabilitation and Long Term Care at Lebanon. Upon completion of this CON project, The Pavilion Senior Living - Rehabilitation and Long Term Care at Lebanon nursing home will have 80 licensed skilled nursing home beds. The existing nursing home is located at 1406 Medical Center Drive, Lebanon (Wilson County), Tennessee 37087. The estimated project cost is \$1,136,755. The Applicant will provide Medicare skilled nursing facility services in the proposed 20 nursing home beds.

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Supplemental #2 (COPY)

Pavilion- THS, LLC

CN1708-026

SUPPLEMENTAL #2

August 31, 2017 11:26 am

PAVILION-THS, LLC 600 Tennessee Blvd. Lebanon, Tennessee 37087

August 31, 2017

Mr. Mark Farber Tennessee Health Services and Development Agency Andrew Jackson Building, 9th Floor 502 Deaderick Street Nashville, TN 37243

Via Hand Delivery

RE:

Certificate of Need Application CN1708-026 Pavilion-THS, LLC (Applicant/Licensee)

The Pavilion Senior Living - Rehabilitation and Long Term Care at Lebanon (Facility)

Dear Mr. Farber:

Set forth below are the responses of Pavilion-THS, LLC, the applicant in Certificate of Need Application CN1708-026, to the request for information dated August 30, 2017 and received by the applicant on August 29, 2017. We have filed these in triplicate, as you directed, along with an affidavit regarding the responses. If you have any questions or need additional information, please advise.

Section A, Executive Summary, Overview, A.1 1.

The explanation on how the proposed project will provide a residential home-like environment is noted; however please explain the part of the statement where you have stated that you will provide the home-like environment "while at the same time maximizing safety and independence".

RESPONSE:

The applicant plans to maximize safety by minimizing incidents at the nursing home. One way to minimize incidents is to appropriately staff the new wing. The applicant plans to have a licensed nurse on all shifts plus Certified NAs on the first and second shifts to meet a 10:1 resident to CNA ratio. The third shift would have 1 Certified NA and 1 licensed nurse. The applicant will continuously review staffing levels to ensure that they are adequate to keep all residents safe and minimize incidents.

It has been the mission of the applicant to maximize the independence of residents by encouraging them to perform, as they are able, all activities of daily living in a safe and monitored setting. The applicant believes that residents who can do more things for themselves will experience a better quality of life. By way of example, the proposed Mr. Mark Farber August 31, 2017 Page 2

project has a fully equipped kitchen in the common area as well as an assisted bathing station for residents, both of which encourage independence.

2. Section B, Need, Item A

Nursing Home Services Specific Criteria:

Item 1 Determination of Need

Your response regarding the TDH Bed Need Chart is noted. HSDA will await the submittal of the TDH Bed Need Chart.

RESPONSE: The TDH Bed Need Chart is attached as Attachment Section B, Need, Item A, Item 1. We note that this chart uses the old ratio standards methodology but does indicate a bed need in Wilson County of 909.

Item 8: Encouraging Facility Modernization

Your response to this item is noted. What is the actual square footage in the semi-private and private rooms?

RESPONSE: As shown in the depiction attached hereto as Attachment Section B, Need, Item A, Item 8, the actual square footage of rooms 101 and 102 (both private rooms) is 247 square feet. All other rooms (4 private rooms and 7 semi-private (double occupancy) rooms) are 332 square feet.

3. Section B, Economic Feasibility, Item B. Funding

The revised letter from Pinnacle Asset Management identifies the availability of borrowing up to \$1,000,000 and an expected interest rate of 5.00%; however there is no mention of the anticipated term of the loan and if there are any restrictions or condition.

Please address these factors and/or submit a revised letter addressing these factors from Pinnacle Asset Management.

RESPONSE: The account held by Harold G. Bone with Pinnacle Asset Management / Raymond James is a margin account. Margin accounts allow clients to borrow funds at competitive rates using their securities as collateral. Mr. Bone has margin availability of \$1.5M, meaning he can borrow \$1.5M from the margin account. The estimated project cost is \$1,136,755.

The interest rate on margin accounts fluctuates. As of August 24, 2017, the base rate of interest is 6.5%; however, Mr. Bone has been given a discount on the base rate making his current rate for this account 5.0%. There is no anticipated term of the loan at this time. The only restriction or condition that could occur is that upon market depreciation there could be a margin call, which could cause the account to fall below the minimum

Mr. Mark Farber August 31, 2017 Page 3

equity requirement. However, as stated in the letter dated as of August 25, 2017 from Pinnacle Asset Management / Raymond James, Mr. Bone has a liquid net worth in this account in excess of \$4.5M, which is much greater than the project cost. Mr. Bone is also providing herewith a Margin Account Analysis received from Pinnacle Asset Management/Raymond James (attached as Attachment Section B, Economic Feasibility, Item B. Funding).

Please also note from the original application that the applicant also has cash reserves that can be utilized for construction per the letter from Benita Woodard, Director of Finance and Administration, dated June 9, 2017 (attached as <u>Attachment Section B, Economic Feasibility, Item B. Funding</u>).

4. Section B, Economic Feasibility, Item C - Historical Data Chart

The revised Historical Data Chart is noted; however there are calculation errors in the Year 2014 column.

Please make the necessary changes and submit a revised Historical Data Chart.

RESPONSE: Attached as <u>Attachment Section B</u>, <u>Economic Feasibility</u>, <u>Item D</u> - <u>Historical Data Chart</u>, please find a revised version of the Historical Data Chart labeled as 31R and 32R.

5. Section B, Economic Feasibility, Item D - Projected Data Chart (Project Only)

The revised Projected Data Chart for the Project Only is noted; however there are calculation errors in the Year 2019 column.

Please make the necessary changes and submit a revised Projected Data Chart (Project Only).

<u>RESPONSE</u>: Attached as <u>Attachment Section B</u>, <u>Economic Feasibility</u>, <u>Item D - Projected Data Chart</u>, please find a revised version of the Projected Data Chart (Project Only) labeled as 36R and 37R.

Thank you, and please feel free to contact me with any questions.

Sincerely,

Hal Bone

INDEX OF ATTACHMENTS

Attachment Section B, Need, Item A, Item 1

Attachment Section B, Need, Item A, Item 8

Attachment Section B, Economic Feasibility, Item B. Funding

Attachment Section B, Economic Feasibility Item C - Historical Data Chart

Attachment Section B, Economic Feasibility Item D - Projected Data Chart

TDH Nursing Home Bed Need Chart

Floor Plan with Square Footage

Margin Account Analysis and Letter from Director of Finance regarding Cash Reserves

Historical Data Chart

Projected Data Chart

Attachment Section B, Need, Item A, Item 1
TDH Nursing Home Bed Need Chart

NURSING HOME BED NEED BASED UPON THE OLD RATIO STANDARDS METHODOLOGY USED FOR MEDICARE BEDS NEED CALCULATIONS, BY COUNTY AND STATE TOTAL, 2018 (Based on 2016 UTCBER Projection Series*)

	TOTAL	BED		TOTAL	BED		TOTAL	BED
COUNTY	POP	NEED	COUNTY	POP	NEED	COUNTY	POP	NEED
STATE	6,962,031	51,598	HAMBLEN	66,195	589	MORGAN	23,848	178
			HAMILTON	362,471	3,048	OBION	31,625	297
ANDERSON [78,387	802	HANCOCK	6,981	64	OVERTON	23,885	214
BEDFORD	51,672	352	HARDEMAN	27,284	212	PERRY	8,362	85
BENTON	16,711	179	HARDIN	26,680	279	PICKETT	5,237	68
BLEDSOE	13,394	115	HAWKINS	59,311	547	POLK	17,627	161
BLOUNT	136,505	1,242	HAYWOOD	18,274	143	PUTNAM	81,972	670
BRADLEY	107,651	850	HENDERSON	29,836	238	RHEA	34,582	302
CAMPBELL	41,654	382	HENRY	33,771	360	ROANE	55,990	596
CANNON	14,658	134	HICKMAN	26,876	207	ROBERTSON	76,231	492
CARROLL	28,298	282	HOUSTON	9,014	87	RUTHERFORD	337,990	1,533
CARTER	58,274	566	HUMPHREYS	19,090	181	SCOTT	23,058	175
CHEATHAM	41,269	255	JACKSON	12,251	118	SEQUATCHIE	16,399	139
CHESTER	18,633	158	JEFFERSON	57,073	502	SEVIER	104,829	879
CLAIBORNE	34,263	297	NOSNHOL	18,952	178	SHELBY	970,212	5,488
CLAY	7,876	88	KNOX.	477,780	3,465	SMITH	20,534	151
COCKE	37,335	340	LAKE	8,441	60	STEWART	14,210	127
COFFEE	56,909	493	LAUDERDALE	28,930	187	SULLIVAN	159,393	1,696
CROCKETT	14,982	141	LAWRENCE	43,518	396	SUMNER	184,532	1,293
CUMBERLAN	63,778	927	LEWIS	12,912	127	TIPTON	69,239	409
DAVIDSON	698,061	3,799	LINCOLN	35,104	319	TROUSDALE	8,564	61
DECATUR	12,029	144	LOUDON	56,118	686	UNICOI	19,003	216
DEKALB	19,936	172	MCMINN	55,100	526	UNION	20,124	150
DICKSON	54,959	400	MCNAIRY	27,486	255	VAN BUREN	5,668	52
DYER	39,607	315	MACON	23,838	184	WARREN	41,167	349
FAYETTE	46,608	381	MADISON	104,799	803	WASHINGTON [137,400	1,174
FENTRESS	19,082	174	MARION	28,627	253	WAYNE	17,551	156
FRANKLIN	42,395	414	MARSHALL	33,885	246	WEAKLEY	36,300	318
GIBSON	51,934	478	MAURY	90,666	681	WHITE	28,037	281
GILES	29,787	277	MEIGS	12,345	109	WILLIAMSON [225,526	1,323
GRAINGER	24,244	210	MONROE	49,048	447	WILSON	133,865	909
GREENE	73,620	708	MONTGOMERY	211,602	884			
GRUNDY	13,379	129	MOORE	6,923	71			

PREPARED BY: TENNESSEE DEPARTMENT OF HEALTH, DIVISION OF POLICY, PLANNING AND ASSESSMENT

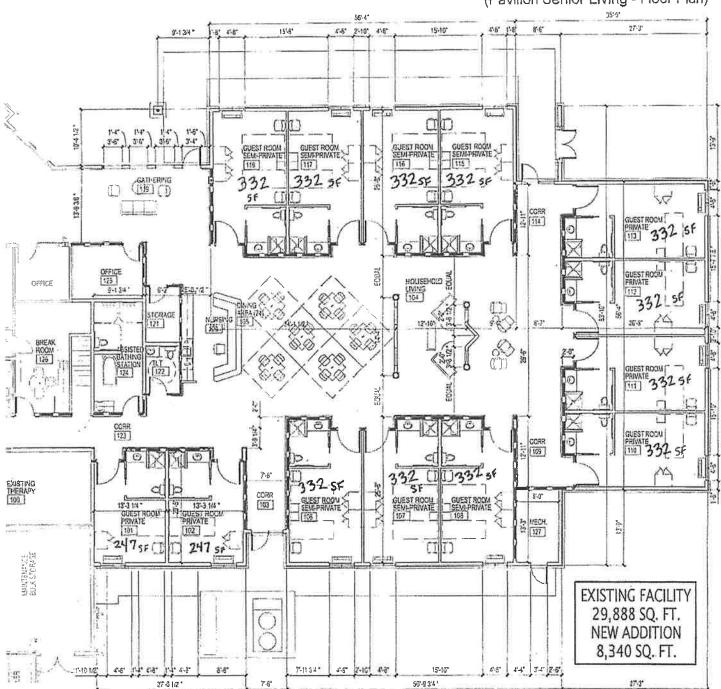
Dec 2015

^{*}Projections Data Source: The University of Tennessee Center for Business and Economic Research Population Projection Data Files, Reassembled by the Tennessee Department of Health, Division of Policy, Planning and Assessment. Note: These data will not match the University of Tennessee Data exactly due to rounding.

Attachment Section B, Need, Item A, Item 8
Floor Plan with Square Footage

August 31, 2017

Attachment C, Project Description-IV(C)
(Pavilion Senior Living - Floor Plan)



Floor Plan

Square Feet = SF

SCALE: 1/16" = 1'-0"







THE PAVILION THS, LLC 1406 MEDICAL CENTER BLVD. LEBANON, TENNESSEE



Attachment Section B, Economic Feasibility, Item B. Funding

Margin Account Analysis and Letter from Director of Finance regarding Cash Reserves

RAYMOND JAMES

Margin Account Analysis

Name	BONE HAROLD
Type 3	0.00

Account Information			N. Joseph
Account Number	20765978	Account Name	BONE HAROLD
Trade Date Balance Type 2	317,502.59	Trade Date Balance Type 3	0.00
Borrowing Power	THE RESERVOIR DESCRIPTION OF THE PERSON NAMED IN	Minimum Equity Req %	40.00
House Call Excess	1,540,335.00	Equity %	89.70
Liquidation Value	2,778,891.00		

Acct Type		Symbol	Shares	Match	Option Premium	Market Price	Market Value	Initial Requirement	House Requirement	Maint Requiremen
		PNFP	6167.00	AO		60.750	374,645.00	187,322.00	149,858.00	93,661.00
2	008	PNFP	43024.00	AO		60.750	2,613,708.00	1,306,854.00	1,045,483.00	653,427.00
_	00A	-	1240.00	AO		56.330	69,849.00	34,924.00	27,939.00	17,462.00
	008		678.00	AO		56.330	38,191.00	19,095.00	15,276.00	9,547.00
						Totals	3,096,394.00	1,548,195.00	1,238,556.00	774,097.00

analysis performed on 08/24/17 at 10:46:42

Print

The Raymond James Margin Analysis information obtained through the Margin Analysis system is the private property of Raymond James Financial, Inc. ("Raymond James"). Without limitation, you are not authorized to make the information available on any web site or otherwise reproduce, distribute, copy, store, use or sell the information without the express written consent of Raymond James. This system only provides you with a snapshot of your margin account reflecting the dollar and equity percentage, including today's activity at the time this document was printed. Any activity or changes in equity values that has taken place since then will not be reflected on the document. This information is not intended as a tool to calculate margin calls previously issued. Values are based on the previous day's closing prices and may have changed. Margin rules are governed by Federal Reserve Board regulation T. Use of this Information is a personal service provided to account holders by Raymond James and is not assignable.

> Any access or use that is inconsistent with these terms is strictly prohibited. If you have any questions, please contact your Financial Advisor. Inquiries from FA only should be directed to the branch liaison.

> > APPROVED FOR CLIENT USE

PAVILION-THS, LLC HUD PROJECT NO. 086-22042 BALANCE SHEETS DECEMBER 31, 2016 AND 2015

ASSETS

	100	2016	2015		
Current assets					
Cash	S	650.347	\$	197, 154	
Net patient receivables (less allowance for	9	000,347	d)	107(6)104	
doubtful accounts of \$119,248 and \$73,807, respectively)		479,396		412,594	
Due from affiliates		5.175		26,291	
		10.566		11,182	
Inventory				195,371	
Prepaid expenses		157,656		180,371	
Total current assets		1,303,140	-	842,592	
Restricted cash reserves					
Restricted patient trust		5.120		4,403	
Restricted replacement reserves		68,087		123,660	
Restricted escrow reserves		87,025		67,129	
Total restricted cash reserves	-	160,232		195,092	
Property and equipment, net		4,023,296		4,099,565	
	,	74			
	\$	5,486,668		5,137,249	
LIABILITIES AND MEMBE	RS' EQUIT	Υ			
Current liabilities	_	#2.00→		00 1200	
Current maturities of long-term debt	\$	56,607	\$	60,700	
Accounts payable		125,100		124,264	
Accrued payroll related liabilities		146,799		135,257	
Accrued other liabilities		120,031		70.057	
Patrent trust accounts		5,120		4 403	
Addrued interest		13,709		13,709	
Total current liabilities		467,366		408,390	
Long-term debt		3,871,778		3,923,233	
Total liabilities		4,339,144		4,331,623	
Members' Equity		1,147,524		805,626	
N.	_\$	5,486,668	\$	5,137,249	

PAVILION-THS, LLC HUD PROJECT NO. 086-22042 STATEMENTS OF EARNINGS AND CHANGES IN MEMBERS' EQUITY FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

.29	2016			2015	
Operating revenue	\$	5,735,864	\$	5,451,561	
Nursing home expenses		3,422,897		3,212,252	
Income from operations		2,312,967		2,239,309	
General administrative expenses	terminal to	1,485,750		1,534,601	
Net Income Before Other Income and Expenses		827,217		704,708	
Other Income (Expense) Interest Income Interest Expense Total Other Income (Expense)	3	(166,319) (166,319)) 	118 (169,974) (169,856)	
Net Income		898,000		534,852	
Members' Equity December 31, 2015 and 2014		805,626		720,774	
Members' withdrawals		(469,000)		(450,000)	
Members' contributions		150,000		(2)	
Members' Equity December 31, 2016 and 2015	\$	1,147,524	\$	805,626	

PAVILION-THS, LLC HUD PROJECT NO. 086-22042 STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016			2015		
Cash flows from operating activities:	_	200 200		524.050		
Net income	S	660,898	4:	534,852		
Adjustments to reconcile net income to net						
cash provided by operating activities: Depreciation		220,067		223,263		
Antorization		5,153		6,496		
Allowance for doubtful accounts		45,441		(18,686)		
Decrease (increase) in operating assets		and and		(10,000)		
Patient receivables		(112,243)		(116,429)		
Prepaid expenses		37,715		(75,919)		
Security deposit account		(717)		4,604		
Due from affiliates		21,116		(35,901)		
Inventory		616		7.101		
Increase (decrease) in liabilities.						
Accounts payable		836		49,382		
Accrued payrull and withholdings		11,542		. 8,892		
Accrued other liabilities		49,974		(765)		
Palient trust		717		(4,604)		
Net cash provided by operating		941,115		582,286		
activities						
Cash flows from investing activities:						
Reserve for taxes and irrisulance		(19,896)		13,304		
Replacement reserve		55.473		(33,045)		
Additions to property and equipment		(143.798)		(41,869)		
Net cash used in investing activities		(108,221)		(61,610)		
Cash flows from financing activities:				(50.000)		
Principal payments on long-term debl		(60,701)		(58,388)		
Net related party advance		450.000		(120,000)		
Contributions received		150,000		(150,000)		
Distributions paid	15	(469,000)	*****	(450,000)		
Net cash used in financing activities		(379,701)	21110/1201	(628,388)		
Net increase (decrease) in cash and cash equivalents		453,193		(107,712)		
Cash and cash equivalents at beginning of period		197,154		304,866		
Cash and cash equivalents at end of period	<u>S.</u>	650,347	\$	197,154		
Supplemental Disclosures of Cash Flow Information						
Interest paid	\$	161,166	\$	163,478		



August 31, 2017

Melanie M. Hill, Executive Director Tennessee Health Services & Development Agency 502 Deaderick Street, Sulte 850 Andrew Jackson Building, 9th Floor Nashville, TN 37243

Dear Ms. Hill,

Pavilion-THS, LLC anticipates spending \$1,136,755 to construct an additional wing to The Pavilion Senior Living Rehabilitation and Long Term Care located at 1406 Medical Center Drive, Lebanon, Tennessee. It will consist of adding 13 rooms as well as a shared living area.

Pavilion-THS, LLC plans to use \$200,000 of cash currently on hand toward this construction. The remainder of the project costs will be loaned to Pavillon-THS, LLC by Harold G. Bone, who holds an ownership interest in Total Healthcare Systems, LLC, the sole owner of Pavillon-THS, LLC. Raymond James Financial Services, Inc., where Mr. Bone has his brokerage account, has confirmed by its letter attached hereto that, as of August 25, 2017, Mr. Bone's account has margin availability of \$1.5 million.

Please call me at 615-453-9912 with any questions you may have.

Sincerely,

Benita Woodard

Director of Finance and Administration for Pavilion-THS, LLC.

SUPPLEMENTAL #2

August 31, 2017 11:26 am

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF WILSON

NAME OF FACILITY:

THE PAVILION SENIOR LIVING - REHABILITATION AND

LONG TERM CARE AT LEBANON

APPLICANT:

PAVILION-THS, LLC

I, Hal Bone, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 31 day of August, 2017, witness my hand at office in the County of Wilson, State of Tennessee.

My commission expires

HF-0043

Revised 7/02



State of Tennessee **Health Services and Development Agency**

Andrew Jackson Building, 9th Floor 502 Deaderick Street Nashville, TN 37243

www.tn.gov/hsda

Phone: 615-741-2364

Fax: 615-741-9884

LETTER OF INTENT

The Publication of Intent is	s to be published in the	Lebanon Democrat	which is a newspaper
of general circulation in _	Wilson (County)	Name of Newspaper) Tennessee, on or before	August 10 , 20 17 (Year)
for one day.	()		(**==**,
This is to provide official accordance with T.C.A. § that:	notice to the Health Services 68-11-1601 <i>et seq.</i> , and the I	and Development Agenc Rules of the Health Service	y and all interested parties, in ses and Development Agency,
	lion-THS, LLC		nursing home
(Name of Applicant)		(Facility Ty	/pe-Existing)
owned by:Total He	ealthcare Systems, LLCw	ith an ownership type of_	limited liability company
and to be managed by: _	Stein & Associates, LLC	ntends to file an application	on for a Certificate of Need
for [PROJECT DESCRIPTION BE	:GINS HERE]:		
The Pavilion Senior Living - 37087, for an eighty (80) be	Medicare skilled nursing home be Rehabilitation and Long Term Card nursing home upon completion Medicare skilled nursing facility sering the application is: Aug	are, located at 1406 Medical of the project. The estimate	Center Drive, Lebanon, TN ed project cost is \$1,136,755.
The contact person for th		al Bone lact Name)	Member (Title)
who may be reached at:_	Hal Bone Enterprises, LLC (Company Name)	680 (Address	Tennessee Blvd.
Lebanon	TN (State)	37087 (Zip Code)	(615) 453-9912 (Area Code / Phone Number)
forth Line	~ /	08/08/2017	halbone9912@gmail.com
(Sign	ate)	(Date)	(E-mail Address)
The Letter of Intent must be	be filed in triplicate and receive	d hetween the first and th	e tenth day of the month. If the
	urday, Sunday or State Holiday		
41.1. 5			

this form at the following address:

Health Services and Development Agency Andrew Jackson Building, 9th Floor 502 Deaderick Street Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

HF51 (Revised 01/09/2013 – all forms prior to this date are obsolete)

RULES OF HEALTH SERVICES AND DEVELOPMENT AGENCY

CHAPTER 0720-11 CERTIFICATE OF NEED PROGRAM – GENERAL CRITERIA

TABLE OF CONTENTS

0720-11-.01 General Criteria for Certificate of Need

0720-11-.01 GENERAL CRITERIA FOR CERTIFICATE OF NEED. The Agency will consider the following general criteria in determining whether an application for a certificate of need should be granted:

- (1) Need. The health care needed in the area to be served may be evaluated upon the following factors:
 - (a) The relationship of the proposal to any existing applicable plans;
 - (b) The population served by the proposal;
 - (c) The existing or certified services or institutions in the area;
 - (d) The reasonableness of the service area:
 - The special needs of the service area population, including the accessibility to consumers, particularly women, racial and ethnic minorities, TennCare participants, and low-income groups;
 - (f) Comparison of utilization/occupancy trends and services offered by other area providers;
 - (g) The extent to which Medicare, Medicaid, TennCare, medically indigent, charity care patients and low income patients will be served by the project. In determining whether this criteria is met, the Agency shall consider how the applicant has assessed that providers of services which will operate in conjunction with the project will also meet these needs.
- (2) Economic Factors. The probability that the proposal can be economically accomplished and maintained may be evaluated upon the following factors:
 - (a) Whether adequate funds are available to the applicant to complete the project;
 - (b) The reasonableness of the proposed project costs:
 - (c) Anticipated revenue from the proposed project and the impact on existing patient charges;
 - (d) Participation in state/federal revenue programs;
 - (e) Alternatives considered; and
 - (f) The availability of less costly or more effective alternative methods of providing the benefits intended by the proposal.

- (3) Quality. Whether the proposal will provide health care that meets appropriate quality standards may be evaluated upon the following factors:
 - (a) Whether the applicant commits to maintaining an actual payor mix that is comparable to the payor mix projected in its CON application, particularly as it relates to Medicare, TennCare/Medicaid, Charity Care, and the Medically Indigent;
 - (b) Whether the applicant commits to maintaining staffing comparable to the staffing chart presented in its CON application;
 - (c) Whether the applicant will obtain and maintain all applicable state licenses in good standing;
 - (d) Whether the applicant will obtain and maintain TennCare and Medicare certification(s), if participation in such programs was indicated in the application;
 - (e) Whether an existing healthcare institution applying for a CON has maintained substantial compliance with applicable federal and state regulation for the three years prior to the CON application. In the event of non-compliance, the nature of non-compliance and corrective action shall be considered:
 - (f) Whether an existing health care institution applying for a CON has been decertified within the prior three years. This provision shall not apply if a new, unrelated owner applies for a CON related to a previously decertified facility;
 - (g) Whether the applicant will participate, within 2 years of implementation of the project, in self-assessment and external peer assessment processes used by health care organizations to accurately assess their level of performance in relation to established standards and to implement ways to continuously improve.
 - This may include accreditation by any organization approved by Centers for Medicare and Medicaid Services (CMS) and other nationally recognized programs. The Joint Commission or its successor, for example, would be acceptable if applicable. Other acceptable accrediting organizations may include, but are not limited to, the following:
 - (i) Those having the same accrediting standards as the licensed hospital of which it will be a department, for a Freestanding Emergency Department;
 - (ii) Accreditation Association for Ambulatory Health Care, and where applicable, American Association for Accreditation of Ambulatory Surgical Facilities, for Ambulatory Surgical Treatment Center projects;
 - (iii) Commission on Accreditation of Rehabilitation Facilities (CARF), for Comprehensive Inpatient Rehabilitation Services and Inpatient Psychiatric projects;
 - (iv) American Society of Therapeutic Radiation and Oncology (ASTRO), the American College of Radiology (ACR), the American College of Radiation Oncology (ACRO), National Cancer Institute (NCI), or a similar accrediting authority, for Megavoltage Radiation Therapy projects;
 - (v) American College of Radiology, for Positron Emission Tomography, Magnetic Resonance Imaging and Outpatient Diagnostic Center projects;

- (vi) Community Health Accreditation Program, Inc., Accreditation Commission for Health Care, or another accrediting body with deeming authority for hospice services from CMS or state licensing survey, and/or other third party quality oversight organization, for Hospice projects;
- (vii) Behavioral Health Care accreditation by the Joint Commission for Nonresidential Substitution Based Treatment Center, for Opiate Addiction projects;
- (viii) American Society of Transplantation or Scientific Registry of Transplant Recipients, for Organ Transplant projects;
- (ix) Joint Commission or another appropriate accrediting authority recognized by CMS, or other nationally recognized accrediting organization, for a Cardiac Catheterization project that is not required by law to be licensed by the Department of Health;
- (x) Participation in the National Cardiovascular Data Registry, for any Cardiac Catheterization project;
- (xi) Participation in the National Burn Repository, for Burn Unit projects:
- (xii) Community Health Accreditation Program, Inc., Accreditation Commission for Health Care, and/or other accrediting body with deeming authority for home health services from CMS and participation in the Medicare Quality Initiatives, Outcome and Assessment Information Set, and Home Health Compare, or other nationally recognized accrediting organization, for Home Health projects; and
- (xiii) Participation in the National Palliative Care Registry, for Hospice projects.
- (h) For Ambulatory Surgical Treatment Center projects, whether the applicant has estimated the number of physicians by specialty expected to utilize the facility, developed criteria to be used by the facility in extending surgical and anesthesia privileges to medical personnel, and documented the availability of appropriate and qualified staff that will provide ancillary support services, whether on- or off-site.
- (i) For Cardiac Catheterization projects:
 - Whether the applicant has documented a plan to monitor the quality of its cardiac catheterization program, including but not limited to, program outcomes and efficiencies;
 - Whether the applicant has agreed to cooperate with quality enhancement efforts sponsored or endorsed by the State of Tennessee, which may be developed per Policy Recommendation; and
 - Whether the applicant will staff and maintain at least one cardiologist who has performed 75 cases annually averaged over the previous 5 years (for an adult program), and 50 cases annually averaged over the previous 5 years (for a pediatric program).
- (j) For Open Heart projects:

- 1. Whether the applicant will staff with the number of cardiac surgeons who will perform the volume of cases consistent with the State Health Plan (annual average of the previous 2 years), and whether the applicant will maintain this volume in the future;
- Whether the applicant will staff and maintain at least one surgeon with 5 years of experience;
- 3. Whether the applicant will participate in a data reporting, quality improvement, outcome monitoring, and peer review system that benchmarks outcomes based on national norms, with such a system providing for peer review among professionals practicing in facilities and programs other than the applicant hospital (demonstrated active participation in the STS National Database is expected and shall be considered evidence of meeting this standard):
- (k) For Comprehensive Inpatient Rehabilitation Services projects, whether the applicant will have a board-certified physiatrist on staff (preferred);
- (I) For Home Health projects, whether the applicant has documented its existing or proposed plan for quality data reporting, quality improvement, and an outcome and process monitoring system;
- (m) For Hospice projects, whether the applicant has documented its existing or proposed plan for quality data reporting, quality improvement, and an outcome and process monitoring system;
- (n) For Megavoltage Radiation Therapy projects, whether the applicant has demonstrated that it will meet the staffing and quality assurance requirements of the American Society of Therapeutic Radiation and Oncology (ASTRO), the American College of Radiology (ACR), the American College of Radiation Oncology (ACRO), National Cancer Institute (NCI), or a similar accrediting authority;
- (o) For Neonatal Intensive Care Unit projects, whether the applicant has documented its existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring system; whether the applicant has documented the intention and ability to comply with the staffing guidelines and qualifications set forth by the Tennessee Perinatal Care System Guidelines for Regionalization, Hospital Care Levels, Staffing and Facilities; and whether the applicant will participate in the Tennessee Initiative for Perinatal Quality Care (TIPQC);
- (p) For Nursing Home projects, whether the applicant has documented its existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring systems, including in particular details on its Quality Assurance and Performance Improvement program. As an alternative to the provision of third party accreditation information, applicants may provide information on any other state, federal, or national quality improvement initiatives;
- (q) For Inpatient Psychiatric projects:
 - Whether the applicant has demonstrated appropriate accommodations for patients (e.g., for seclusion/restraint of patients who present management problems and children who need quiet space; proper sleeping and bathing arrangements for all patients), adequate staffing (i.e., that each unit will be staffed with at least two direct patient care staff, one of which shall be a nurse, at all

- times), and how the proposed staffing plan will lead to quality care of the patient population served by the project;
- Whether the applicant has documented its existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring system; and
- 3. Whether an applicant that owns or administers other psychiatric facilities has provided information on satisfactory surveys and quality improvement programs at those facilities.
- (r) For Freestanding Emergency Department projects, whether the applicant has demonstrated that it will satisfy and maintain compliance with standards in the State Health Plan;
- (s) For Organ Transplant projects, whether the applicant has demonstrated that it will satisfy and maintain compliance with standards in the State Health Plan; and
- (t) For Relocation and/or Replacement of Health Care Institution projects:
 - For hospital projects, Acute Care Bed Need Services measures are applicable; and
 - 2. For all other healthcare institutions, applicable facility and/or service specific measures are applicable.
- (u) For every CON issued on or after the effective date of this rule, reporting shall be made to the Health Services and Development Agency each year on the anniversary date of implementation of the CON, on forms prescribed by the Agency. Such reporting shall include an assessment of each applicable volume and quality standard and shall include results of any surveys or disciplinary actions by state licensing agencies, payors, CMS, and any self-assessment and external peer assessment processes in which the applicant participates or participated within the year, which are relevant to the health care institution or service authorized by the certificate of need. The existence and results of any remedial action, including any plan of correction, shall also be provided.
- (v) HSDA will notify the applicant and any applicable licensing agency if any volume or quality measure has not been met.
- (w) Within one month of notification the applicant must submit a corrective action plan and must report on the progress of the plan within one year of that submission.
- (4) Contribution to the Orderly Development of Adequate and Effective Healthcare Facilities and/or Services. The contribution which the proposed project will make to the orderly development of an adequate and effective health care system may be evaluated upon the following factors:
 - (a) The relationship of the proposal to the existing health care system (for example: transfer agreements, contractual agreements for health services, the applicant's proposed TennCare participation, affiliation of the project with health professional schools);
 - (b) The positive or negative effects attributed to duplication or competition; and

- (c) The availability and accessibility of human resources required by the proposal, including consumers and related providers.
- (5) Applications for Change of Site. When considering a certificate of need application which is limited to a request for a change of site for a proposed new health care institution, The Agency may consider, in addition to the foregoing factors, the following factors:
 - (a) Need. The applicant should show the proposed new site will serve the health care needs in the area to be served at least as well as the original site. The applicant should show that there is some significant legal, financial, or practical need to change to the proposed new site.
 - (b) Economic factors. The applicant should show that the proposed new site would be at least as economically beneficial to the population to be served as the original site.
 - (c) Quality of Health Care to be provided. The applicant should show the quality of health care to be provided will be served at least as well as the original site.
 - (d) Contribution to the orderly development of health care facilities and/or services. The applicant should address any potential delays that would be caused by the proposed change of site, and show that any such delays are outweighed by the benefit that will be gained from the change of site by the population to be served.
- (6) Certificate of need conditions. In accordance with T.C.A. § 68-11-1609, The Agency, in its discretion, may place such conditions upon a certificate of need it deems appropriate and enforceable to meet the applicable criteria as defined in statute and in these rules.

Authority: T.C.A. §§ 4-5-202, 4-5-208, 68-11-1605, 68-11-1609, and 2016 Tenn. Pub. Acts Ch. 1043. Administrative History: Original rule filed August 31, 2005; effective November 14, 2005. Emergency rule filed May 31, 2017; effective through November 27, 2017.

CERTIFICATE OF NEED REVIEWED BY THE DEPARTMENT OF HEALTH DIVISION OF POLICY, PLANNING AND ASSESSMENT

615-741-1954

DATE: October 31, 2017

APPLICANT: Pavilion-THS, LLC

1406 Medical Center Drive Lebanon, Tennessee 37087

CONTACT PERSON: Hal Bone

680 Tennessee Blvd. Lebanon, Tennessee 37087

COST: \$1,151,755

In accordance with Section 68-11-1608(a) of the Tennessee Health Services and Planning Act of 2002, the Tennessee Department of Health, Division of Policy, Planning, and Assessment, reviewed this certificate of need application for financial impact, TennCare participation, compliance with *Tennessee's State Health Plan*, and verified certain data. Additional clarification or comment relative to the application is provided, as applicable, under the heading "Note to Agency Members."

SUMMARY:

The applicant, Pavilion-THS, LLC who currently owns and operates 60 licensed skilled nursing beds at the Pavilion Senior Living-Rehabilitation and Long Term Care at Lebanon located at 1406 Medical Center Drive, Lebanon Tennessee 37087 seeks Certificate of Need (CON) approval to add an additional 20 Medicare skilled nursing home beds to their existing bed compliment for a total of 80 beds.

The project involves new construction to add a new wing to the existing Nursing Home and will contain 7 double occupancy rooms and 6 single occupancy rooms. The 6 single occupancy rooms will bring the total private rooms to 14.

The finished new construction will total 8,340 square feet and cost approximately \$111.11 per square foot.

The total project cost is \$1,151,755 and will be financed through cash reserves and a loan from Hal Bone, a Member of Total Healthcare Systems, LLC. Details are provided in Attachment Section A-3-A (6).

GENERAL CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all of the general criteria for Certificate of Need as set forth in the document *Tennessee's State Health Plan*.

NEED:

The applicant's service area is Wilson County. The 2017 Wilson County total population is 131,486 increasing to 136,217 in 2019, an increase of 3.6%. The 2017 65+ population is 20,997, increasing to 23,241 in 2019, an increase of 10.7%.

There are four skilled nursing facilities in the applicant's service area.

wiison	County	/ Nursing	Home (Utilizatio	n 2015

Licensed	MCARE	Dually	Level 1	LIC ONLY	SNF	Level 2	Skilled	Non	Total
Beds	Only-	Certified	Certified	Beds Non-	MCARE	MCAID	All other	Skilled	ADC
	Certified			Certified	ADC	ADC	Payors	ADC	
							ADC		

DOH/PPA/...CON#1708-026 Pavilion-THS, LLS
Nursing Home Services

	506	140	166	200	0	90.24	14.19	6	297.2	407.64
The Pavilion	60	0	60	0	0	15.18	0	0	42.2	57.39
Quality Ctr for Rehab and Healing	280	80	0	200	0	37.09	14.19	3.65	189.60	244.53
Mt. Juliet Care Center	106	0	106	0	0	12.43	0	0	59.25	71.68
Lebanon Health and Rehab Ctr	60	60	0	0	0	25.4	0	2.35	6.15	34.07

Nursing Home Utilization Trends-2013-2015

Facility	Licensed Beds	2013 Patient Days	2014 Patient Days	2015 Patient Days	'13-'15 % Change	2013 % Occupancy	2014 % Occupancy	2015 % Occupancy
Lebanon Health and Rehab Ctr	60	11,974	11,682	12,426	3.77	<i>54.67</i>	53.34	56.74
Mt. Juliet Care Center	106	30,771	27,901	21,162	-31.2	79.5	72.1	54.7
Quality Ctr for Rehab and Healing	280	85,645	85,290	89,253	4.2	83.8	83.5	87.3
The Pavilion	60	21,577	21,309	20,946	-2.9	98.5	97.3	98.6
	506	149,967	146,182	143,787	-4.1	81.2	79.1	77.9

Pavilion-THS, LLC is the 100% owner and operator of the Pavilion Senior Living-Rehabilitation and Long Term Care at Lebanon. Pavilion-THS is owned 100% by Total Healthcare Systems, LLC. The owners of Total Healthcare Systems LLC are Gordon Bone (52%), Hal Bone (24%), Suanne Bone (24%). The Bones own interests in three other communities: The Pavilion Senior Living at Carthage in Carthage, Crestview Manor located in Jane Lew, West Virginia, and The Pavilion Senior Living at Lebanon, an assisted living (ALF) and memory care facility scheduled to open on August 18th, 2017 which will be located across a private drive from the nursing home.

Another affiliate of the applicant is finalizing plans for an independent living community (ILF) to be located on land adjacent to the ALF and thus also across the private drive from the nursing home will create a campus style environment where seniors can age in place. The ILF is expected to have 58 units consisting of 21 duplex style cottages and 16 single style family homes. The ILF homes are currently scheduled to open in 2018.

The applicant and the other Pavilion Entities are developing a campus setting providing housing and care ranging from independent living cottages and duplexes to assisted living and memory care to skilled living. The continuum of services that will be offered will allow individuals to age in place in a community that they have chosen to call home.

There are currently no nursing homes associated with assisted living facilities in the service area and therefore no campus-like setting for Wilson County residents to age in place. The opening of th ALF concurrently with the filing of this application and the development of independent living duplexes and cottages within the next year will generate nursing home residents from within the Pavilion Community. Thus, the impact on existing providers will be minimal.

20 Bed Projected Utilization

Year	Licensed	Medicare	SNF	Level 2	SNF All	Non Skilled	Total ADC	Licensed
	Beds	Beds	Medicare	Medicaid	other	ADC		Occupancy %
			ADC	ADC	Payor			
					ADC			
1	20	20	4.61	0	3.07	7.68	<i>15.36</i>	76.8
2	20	20	4.5	0	3.6	9,9	18	90

80-Bed Projected Utilization

Year	Licensed	Medicare	SNF	Level 2	SNF All	Non Skilled	Total ADC	Licensed
	Beds	Beds	Medicare	Medicaid	other	ADC		Occupancy %
			ADC	ADC	Payor			
					ADC			
1	80	80	20.98	0	7.33	43.95	<i>73.26</i>	91.6
2	80	80	22.76	0	7.59	45.53	<i>75.88</i>	94.9
	1	l				I		l

The Tennessee Department of Health calculated the nursing home bed need for Wilson County to be 909 beds. Currently there are 506 beds at the four facilities in the county, leaving a need for 403 beds.

TENNCARE/MEDICARE ACCESS:

The applicant participates in the Medicare and TennCare Medicaid programs. The applicant contracts with TennCare MCOs AmeriGroup, United Healthcare Community Plan, and BlueCare.

The projected year one gross Medicare revenues for the 20 bed project are \$372,899 or 20% of total gross revenues and TennCare/Medicaid revenues are projected to be \$932,247.50 or 50% of total gross revenues.

ECONOMIC FACTORS/FINANCIAL FEASIBILITY:

The Department of Health, Division of Policy, Planning, and Assessment have reviewed the Project Costs Chart, the Historical Data Chart, and the Projected Data Chart to determine if they are mathematically accurate and if the projections are based on the applicant's anticipated level of utilization. The location of these charts may be found in the following specific locations in the Certificate of Need Application or the Supplemental material:

Project Costs Chart: The Project Cost Chart is located on page 29 of the application. The total project cost is \$1,151,755.

Historical Data Chart: The Historical Data Chart is located on page 31R of the application. The applicant reported 21,309, 20,946, 20,456 patient days in 2014, 2015, and 2016 with net operating revenues of \$644,545, \$534,855, and \$660,898 each year, respectively.

Projected Data Chart: The Projected Data Chart for the total facility is located on page 34R of the application. The applicant projects 26,737 and 27,697 patient days in years one and two with net operating revenues of \$665,317 and \$755,641 each year, respectively.

Projected Data Chart: The Projected Data Chart for the project is located on page 36R of the application. The applicant projects 5,610 and 6,570 patient days in years one and two with net operating revenues of \$270,226 and \$360,550 each year, respectively

Proposed Charge Schedule

	Previous Year	Current Year	Year One	Year Two	% Change
Gross Charge	306.10	n/a	332.35	373.80	22.1
Average Deduction	29.73	n/a	30.21	31.49	5.91
Average Net Charge	276.37	n/a	302.14	342.31	23.86

Direct Patient Care Proposed Staffing

	
Title	Proposed FTE
	FTE
RN	2
LPN	15
CNA	30
Nurse Manager	2
DNS	1
MDS	1.5
Total	51.5

Non-Patient Care Staff

Hon i addit care stan	
Administrator	1
Nurse Educator	.5
Receptionist	1.5
Sales	.5
Social Services	1
Activity Director	1
Admission	1
Laundry	4
Housekeeping	5
Cook	4
Dietary Aide	3
Maintenance Dir.	1
Office Manager	1
	24.5

Project Payor Mix Year One

Payor Source	Projected	% of Total
	Gross	
	Operating	
	Revenue	
Medicare/Medicare Managed Care	372,899.00	20
TennCare/Medicaid	932,247.50	50
Commercial/Other Managed Care	205,094.45	11
Self-Pay	354,254.05	19
Worker's Comp		
Charity Care		
·		100%

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTHCARE:

The applicant provides a listing of all healthcare agreements with providers on page 42 of the application.

The applicant believes this project will have a positive effect on the health care system by developing a campus that offers seniors the opportunity to reside in one community for the remainder of their lives as they age and their medical needs advance.

The applicant partners with multiple local schools to provide an environment for students to gain real life experience. The applicant currently has partnerships with Cumberland University, Lebanon High School, Wilson Central High School, McGavock High School, and Tennessee College of Applied Technologies.

The applicant is licensed by the Tennessee Department of Health, Board for Licensing Healthcare Facilities.

SPECIFIC CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all relevant specific criteria for Certificate of Need as set forth in the document *Tennessee's State Health Plan*.

NURSING HOME SERVICES

Standards and Criteria

1. **Determination of Need.**

The need for nursing home beds for each county in the state should be determined by applying the following population-based statistical methodology:

Need = .0005 x population 65 and under, plus .012 x population 65-74, plus .060 x population 75-84, plus .150 x population 85 +

The Tennessee Department of Health calculated the nursing home bed need for Wilson County to be 909 beds. Currently there are 506 beds at the four facilities in the county, leaving a need for 403 beds.

2. **Planning horizon:** The need for nursing home beds shall be projected two years into the future from the current year.

The applicant's service area is Wilson County. The 2017 Wilson County total population is 131,486 increasing to 136,217 in 2019, an increase of 3.6%. The 2017 65+ population is 20,997, increasing to 23,241 in 2019, an increase of 10.7%.

3. **Establishment of Service Area**: A majority of the population of the proposed Service Area for any nursing home should reside within 30 minutes travel time from that facility. Applicants may supplement their applications with sub-county level data that are available to the general public to better inform the HSDA of granular details and trends; however, the need formula established by these Standards will use the latest available final JAR data from the Department of Health. The HSDA additionally may consider geographic, cultural, social, and other aspects that may impact the establishment of a Service Area.

The applicant's designated service area is Wilson County.

4. **Existing Nursing Home Capacity**: In general, the Occupancy Rate for each nursing home currently and actively providing services within the applicant's proposed Service Area should be at or above 90% to support the need for any project seeking to add new nursing home beds within the Service Area and to ensure that the financial viability of existing facilities is not negatively impacted.

Wilson County Nursing Home Utilization 2015

	Licensed Beds	MCARE Only- Certified	Dually Certified	Level 1 Certified	LIC ONLY Beds Non- Certified	SNF MCARE ADC	Level 2 MCAID ADC	Skilled All other Payors ADC	Non Skilled ADC	Total ADC
Lebanon Health and Rehab Ctr	60	60	0	0	0	25.4	0	2.35	6.15	34.07
Mt. Juliet Care Center	106	0	106	0	0	12.43	0	0	59.25	71.68

Quality Ctr for Rehab and Healing	280	80	0	200	0	37.09	14.19	3.65	189.60	244.53
The Pavilion	60	0	60	0	0	15.18	0	0	42.2	57.39
	506	140	166	200	0	90.24	14.19	6	297.2	407.64

5. Outstanding Certificates of Need: Outstanding CONs should be factored into the decision whether to grant an additional CON in a given Service Area or county until an outstanding CON's beds are licensed.

There are no outstanding CONS.

6. Data: The Department of Health data on the current supply and utilization of licensed and CON-approved nursing home beds should be the data source employed hereunder, unless otherwise noted.

Department of Health Data was used.

7. **Minimum Number of Beds**: A newly established free—standing nursing home should have a sufficient number of beds to provide revenues to make the project economically feasible and thus is encouraged to have a capacity of least 30 beds. However, the HSDA should consider exceptions to this standard if a proposed applicant can demonstrate that economic feasibility can be achieved with a smaller facility in a particular situation.

The applicant operates a 60 bed facility and this application is for 20additional beds.

- 8. **Encouraging Facility Modernization**: The HSDA may give preference to an application that:
 - a. Proposes a replacement facility to modernize an existing facility.
 - b. Seeks a certificate of need for a replacement facility on or near its existing facility operating location. The HSDA should evaluate whether the replacement facility is being located as closely as possible to the location of the existing facility and, if not, whether the need for a new, modernized facility is being impacted by any shift in the applicant's market due to its new location within the Service Area.
 - c. Does not increase its number of operating beds.

N/A

9. Adequate Staffing: An applicant should document a plan demonstrating the intent and ability to recruit, hire, train, assess competencies of, supervise, and retain the appropriate numbers of qualified personnel to provide the services described in the application and that such personnel are available in the proposed Service Area. However, when considering applications for replacement facilities or renovations of existing facilities, the HSDA may determine the existing facility's staff would continue without significant change and thus would be sufficient to meet this Standard without a demonstration of efforts to recruit new staff.

The applicant has adequate staff and does not anticipate difficulty hiring additional staff.

10. Community Linkage Plan: The applicant should describe its participation, if any, in a community linkage plan, including its relationships with appropriate health care system providers/services and working agreements with other related community services to assure continuity of care. If they are provided, letters from providers (including, e.g., hospitals, hospice services agencies, physicians) in support of an application should detail specific instances of unmet need for nursing home services.

The applicant has letters of support in Attachment Section B-Need-A-10. The applicant has a strong working relationship with several local physicians, a local senior community, the Lebanon Senior Citizens Center, The Senior Citizens Awareness Network of Wilson County and Tennova.

11. Access: The applicant should demonstrate an ability and willingness to serve equally all of the Service Area in which it seeks certification. In addition to the factors set forth in HSDA Rule 0720-11-.01(1) (listing the factors concerning need on which an application may be evaluated), the HSDA may choose to give special consideration to an applicant that is able to show that there is limited access in the proposed Service Area. However, an applicant should address why Service Area residents cannot be served in a less restrictive and less costly environment and whether the applicant provides or will provide other services to residents that will enable them to remain in their homes.

All beds are dually certified and will continue to be. The applicant's model targets individuals who are Medicare qualified beneficiaries seeking skilled care for residents of the ALF and ILF at such time as those communities are opened. The applicant remains committed to serving all patients who present for care, and who qualify for such care. The facility has not refused care to patients.

12. **Quality Control and Monitoring:** The applicant should identify and document its existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring systems, including in particular details on its Quality Assurance and Performance Improvement program as required by the Affordable Care Act. As an alternative to the provision of third party accreditation information, applicants may provide information on any other state, federal, or national quality improvement initiatives. An applicant that owns or administers other nursing homes should provide detailed information on their surveys and their quality control programs at those facilities, regardless of whether they are located in Tennessee.

The applicant states they already comply with all existing reporting requirements, and will report annually using forms prescribed by the agency concerning continued need and appropriate quality measures as determined by the agency pertaining to the certificate of need, if approved.

13. **Data Requirements:** Applicants should agree to provide the TDH and/or the HSDA with all reasonably requested information and statistical data related to the operation and provision of services at the applicant's facility and to report that data in the time and format requested. As a standard of practice, existing data reporting streams will be relied upon and adapted over time to collect all needed information.

The applicant agrees to participate.

14. Additional Occupancy Rate Standards:

- a. An applicant that is seeking to add or change bed component within a Service Area should show how it projects to maintain an average occupancy rate for all licensed beds of at least 90 percent after two years of operation.
- b. There should be no additional nursing home beds approved for a Service Area unless each existing facility with 50 beds or more has achieved an average annual occupancy rate of 90 percent. In determining the Service Area's occupancy rate, the HSDA may choose not to consider the occupancy rate of any nursing home in the proposed Service Area that has been identified by the TDH Regional Administrator as consistently noncomplying with quality assurance regulations, based on factors such as deficiency numbers outside of an average range or standards of the Medicare 5 Star program.

The applicant states the existing nursing home bed need shows Cumberland County is in need of additional nursing home beds. The need existed at the time of the original approval and is even greater now in 2017. The key component of HSDA's consideration should be how a facility's own occupancy rates support economic feasibility; otherwise a facility that is highly desirable because of its services and amenities could be impeded from necessary growth as part of its strategic plan. The three other facilities are not at or above the 90% guideline. The last three years the applicant has been above the 90% guideline.

- c. A nursing home seeking approval to expand its bed capacity should have maintained an occupancy rate of 90 percent for the previous year.
- (a) The applicant projects an overall occupancy rate over 90% within 2 years of completion of this addition; (b) the applicant is the only nursing home in the County, and has operated in excess of 90% for several years; and (c) the facility operated at 97.3% in 2016.